University of Alberta

Social Impacts of, and Challenges for, Local Ownership in the Forest Sector

by

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A thesis submitted to the Faculty of Graduate Studies and Research
in partial fulfillment of the requirements for the degree of Doctor of Philosophy

in

Rural Sociology

Department of Rural Economy

Edmonton, Alberta

Spring 2005

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"In our every deliberation we must consider the impact of our decisions on the next seven generations."

- from the Great Law of the Haudenosaunee (Iroquois) Confederacy

Dedicated to the next seven generations.

Abstract

There is a longstanding interest in rural sociology about the role of local ownership in generating social and economic development within rural communities. In the last ninety years, local ownership of forest product mills has increasingly given way to extra-local ownership, making communities more vulnerable to rapid decline if a corporate owner decides to close down a mill. One alternative vision advocated by current social movements, such as anti-globalization or anti-corporation movements, is to return control to a local context, toward the corresponding goal to increase local control over livelihoods, resources, and markets. Local ownership is viewed as one means of securing local control. By studying local ownership as an alternative to absentee ownership, achieved through six local buy-outs, I assess the benefits of local ownership to six Canadian communities in terms of their ability to exercise greater control over a mill and/or land base and community development. My dissertation explores the social impacts of, and challenges for, local ownership over forest product mills and forest license through three papers. Using a data set from a larger research project funded by the Social Sciences and Humanities Research Council (SSHRC), my dissertation focuses on three guiding research questions:

1. How does the nature of local ownership interact with the social consequences of local ownership? What are the social impacts of varying distinctions of local ownership on community sustainability?
2. What are the social impacts of community corporations, as one type of local ownership?
3. What is the nature of the community learning achieved through local buy-outs? How does the context of local ownership build community capacity through community learning?

The three papers provide support for the hypothesis that community sustainability is a step closer via local buy-out initiatives. This is achieved through increased local governance and accountability, innovative social and ecological approaches to management and by a greater distribution of benefits (social justice) that occurs while initiating and maintaining local buy-outs.

Preface

These three papers emerged from a larger research project funded by the Social Sciences and Humanities Research Council (Krogman and Beckley 1998), which explored the social consequences of local ownership over forest product mills and forest license. The research team, J. Varghese, N. Krogman, T. Beckley and S. Nadeau, extend our gratitude to the residents of the communities in each of our case studies for sharing their time and reflections during the interviews. An earlier draft of the ownership paper (chapter 2) was presented in April 2004 at the International Association of Impact Assessment Conference (IAIA'04) in Vancouver, British Columbia. An earlier draft of the social impacts paper (chapter 3) was presented in April 2004 at the International Association of Impact Assessment Conference (IAIA'04) in Vancouver, British Columbia. An earlier draft of the learning paper (chapter 4) was presented in July 2003 at the 66th Annual Meeting of the Rural Sociological Society, Montreal, Quebec.

Acknowledgements

First and foremost, I would like to extend my gratitude to God,
For instilling the desire, creating the opportunities, and providing the support network
That culminates in this dissertation.

As I close this chapter of my life (and what a long chapter it has been)
It's comforting to see that as with most accomplishments in life,
A number of people have contributed through their unwavering support and prayers.
To my many family, friends, and colleagues who've stood by me over the years
Words cannot adequately express how delighted I am to have each of you in my life.
For now, a simple thank-you will have to do.

Now, there are a few that I'd like to extend my special thanks to:

Naomi Krogman, for being a mentor to me in so many ways. You challenge me to be
Assertive and critical in my thinking. You've provided opportunities to identify &
Build strengths and confront perceived limitations, as well as encouragement and sound advice
When it all feels like too much. And you've contributed to my overall professional development, by being
Not only my program supervisor but my teaching mentor, as well.

Tom Beckley and Solange Nadeau, for welcoming me into the research team,
Giving me an excuse to visit Atlantic Canada, and for your
Willingness to provide in-depth and critical reviews of the papers.
Debra Davidson, for serving on my core committee and for
Challenging me to think from different perspectives at various stages of my program.
Judith Golec and David Tindall, for serving on my defence committee, and
Expanding my thinking with your insightful questions and comments.

My parents, Mary and Dan Varghese, for instilling the value of education
For providing unconditional support as I pursed my education and for your prayers.
My siblings, Jeju (& Carmen) and Joji (& Aaron), for believing in me, for accepting who I am, and
For supporting me unconditionally in the many facets of my life, and
Yes, the "professional student" jokes may now cease.
My "cousin," Rhea, for your assistance with the earlier stages of my research.

My friends, Yasmin & André, Trena & Quinn, Orysia & Vlad,
For heartfelt support and for always hearing me out when I'm overwhelmed and
Joanne, for reading drafts, providing constructive criticism & giving me space to just be, and
Esmyra, Marcela, Armstrong, and José for including me in 'nutrition breaks' over the years.
My friendly 'cohorts,' John, Ross, and Ken, in your own ways you've each challenged me to be myself.

Further, to all the faculty, staff and students in Rural Economy, you each
Contribute to creating a safe, creative & intellectually stimulating environment.
Thanks for making my time in the department a memorable one.

Last but certainly not least, Getu, you gently remind me of why I should believe in my abilities,
You challenge me to hold onto my faith and to put issues in perspective and
You've kept me grounded when my emotions take a roller-coaster ride.
I feel so blessed to have you in my life. Galatomi!

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Chapter 1 : Introduction

There is a longstanding interest in rural sociology about the role of local ownership in generating social and economic development within rural communities. In the last ninety years, local ownership of forest product mills has increasingly given way to extra-local ownership, making communities vulnerable to rapid decline if a corporate owner decides to close down a single major employer, such as a mill. One alternative vision advocated by current social movements, such as anti-globalization or anti-corporation movements, is to return control to a local context, toward the corresponding goal to increase local control over livelihoods, resources, and markets. Proponents of "local" also include dependency theorists, commons theorists, and market advocates (Hawken 1994; Korten 2001; Smith 1986). Local ownership is viewed as one means to secure this local control. By studying local ownership as an alternative to absentee ownership, I assess the benefits of local ownership to these six communities in terms of their ability to exercise greater control over the mill, the land base and community development.

The following dissertation explores the social impacts of, and challenges for, local ownership over forest product mills and forest license through three papers. The three papers come from a larger research project funded by the Social Sciences and Humanities Research Council (SSHRC). The chapter begins with an overview of this larger research project to provide context for my dissertation research. I then present the specific objectives and sources of evidence for each paper, followed by a literature review of themes that overlap all three papers. The chapter ends with a brief overview of the methods and the six cases employed in this study.

Overview of Larger Research Study

This project examined six Canadian cases that, at one point, countered the trends of increasing corporate concentration and absentee ownership. The six cases compared in this study are all cases in which corporate or government owners of a forest products mill, or in one case forest license, considered closing down or selling a mill/forest license, and in which communities, employees, and/or local managers organised to assume ownership or control. The empirical cases allow us to examine the veracity, and expand the complexity, of sociological theories that suggest that local, as opposed to absentee corporate control, leads to greater democratic decision-making, local investment, and better stewardship over local natural resources.

The applied purpose of this project was to determine if employee/management buy-outs of forest product mills promote greater economic and social development than corporate-owned forest product companies, to assess if the forests associated with these mills are managed differently when locally controlled, and to measure objective indicators of change in case communities to see if the material objectives of the buy-outs were achieved. The theoretical purpose of this project was to assess whether local control over natural resources is associated with democratic decision-making, and with managing local resources for long term social, economic and ecological benefits. The researchers assessed the social and basic economic results of these alternative forms of ownership in the forest products sector. More specifically, Krogman and Beckley (1998:1) asked the following four questions: "(1) Did local ownership of the new, locally owned mills result in greater democratic decision-making on the shop floor than before the buy-outs? (2) Did the new, locally owned mills re-invest their profits locally? (3) Were the explicit goals of these buy-outs, such as maintenance of jobs, income, population, and a way of life realised? (4) Did the new, locally controlled forest areas of the worker-owned mills constitute community forests?"

Overview of Three Dissertation Papers

The three papers in my dissertation use the same data set and focus on three guiding research questions:

1. How does the nature of local ownership influence the social consequences of local ownership? What are the social impacts of varying distinctions of local ownership on community sustainability?
2. What are the social impacts of community corporations, as one type of local ownership?
3. What is the nature of the community learning achieved through local buy-outs? How does the context of local ownership build community capacity through community learning?

In the first paper (chapter 2), I look broadly at sociological theory related to local ownership and community sustainability to assess the nature and observed outcomes of local ownership in the six case studies. The second paper (chapter 3) is an analysis of the social benefits of two community corporations, one with local ownership over a mill plus forest license and the other with local ownership only over a forest license. In the third paper (chapter 4), I focus specifically on community learning, as an often-overlooked benefit of local ownership. Hence, the first paper is mainly theoretical, the second empirical and the third has an applied dimension. Presented below is a brief overview of each paper.

Critical analysis of the relationship between local ownership & community sustainability in the forest sector

Target Journal: Rural Sociology

Numerous theorists have addressed local ownership as a key element in a community's long-term ability to set the pace of its own development, character and assure long-term social benefits from the enterprises that exist in the community's region, or community sustainability. Key benefits of local ownership emphasized in the literature include local decision-making, which then fosters community capacity, or the ability for communities to identify and act on their own problems, and community resilience, the ability of a community to reorganize so as to sustain important relationship and support ecological renewal. Collectively, current resource development literature, including dependency, commons and ecological modernization literature imply that local control/ownership will lead to community sustainability. In this paper I examine the validity of this assumption by comparing theorized arguments with empirical outcomes of six local buy-out cases and discuss discrepancies between the two. The findings draw on sixty face-to-face semi-structured interviews with key players involved in rural community buy-outs.

Social impacts of community-based forest corporation ownership

Target Journal: Impact Assessment and Project Appraisal

This paper evaluates the extent to which anticipated societal benefits accompany local ownership. Locally owned mills and locally controlled forest licenses offer a corporate but community-run alternative to absentee ownership. These ownership arrangements provide a way for local people to have participation in forest management, and ostensibly an opportunity to gain greater economic, social, and ecological benefits from the forest. In this paper, I present an in-depth analysis of the social impacts of two forms of community corporate ownership, one located in Meadow Lake, Saskatchewan and the other in Revelstoke, British Columbia. The Meadow Lake case involves local ownership of a forest products mill and partial control over a forest license, and in the Revelstoke case, a community obtained a long-term forest license for timber near their community.

These two cases enable me to assess the social impacts of community-based forestry corporations in terms of four social dimensions of community sustainability using social, socio-economic, socio-ecological and sustainability indicators. Social indicators included social governance, workplace democracy, social cohesion, social justice, and experiential learning. Socio-economic indicators included economic diversity, corporate profitability and whether there are donations by the community corporations to the community, as well as, positive spin-off economic opportunities. A focus on the social dimension of sustainable forest management, which would include democratic decision-making, long-term time management and stewardship of resources, addresses the interdependency between ecological integrity and social well-being. To examine the commitment to all three pillars of sustainability, I drew on literature about corporate social responsibility and assessed whether the companies in my cases followed (or were working towards) a triple bottom line (ecological, social, and economic sustainability) and whether or not goals towards sustainability were rationalized within corporate policies and practices.

Local buy-out and local ownership: Contexts for community learning

Target Journal: Journal of Rural Studies

Community capacity and social capital are concepts that have received much attention in rural and resource sociology in the last decade. In this paper, I focus on the process that builds community capacity, specifically community learning. Community learning is defined within this paper as the collective acquisition of knowledge, skills and experience that enhances community capacity. Drawing on sixty face-to-face semi-structured interviews with key players involved in six cases across Canada in which local interests purchased corporately or state owned assets such as pulp mills, sawmill and their associated forest licenses. This paper examines 1) how the context of the local buy-outs facilitated community learning, 2) what mechanisms enabled community learning and 3) what types of learning were acquired. From these findings, I elaborate on the implications of community learning for community development. I analyse interview data for six local buyouts cases using the constant comparative method from grounded theory approaches.

Selected Literature Review

Three bodies of literature help set the context for this study of local ownership, specifically literature on social impact assessment, community sustainability and comparative case study methodology. This research study is essentially an assessment of the social impact of an institutional change, specifically the social consequences of local ownership obtained by six rural communities in Canada that engaged in a local forest-products mill/license buy-out. The section on social impact assessment focuses on how this study of local ownership fits within and extends social impact assessment research. The section on community sustainability defines a few key concepts and provides a social indicator framework to assess the social impacts of local ownership against community sustainability goals. The section on comparative case study methodology examines the main critiques of the case study method, the responses to those critiques, and the strengths of the comparative case study method for researching the nature and social impacts of local ownership. These three bodies of literature were chosen because they contain themes and concepts that extend through all three papers.

Social impact assessment

A social impact assessment (SIA) requires systematic analysis of the impacts of a change on individuals and communities (Burdge 2003). Typically, an SIA is conducted prior to an externally proposed action and attempts to uncover all social and cultural "consequences to human populations of any public or private action--that alter the ways in which people live, work, play, relate to one another, organize to meet their needs, and generally cope as members of society" (Interorganizational Committee on Guidelines and Principles for Social Impact Assessment 1995:11). These ex-ante studies help human populations comprehend, contribute to and deal with a proposed action, such as a project or policy (Burdge 2003). There are, however, very few ex-post SIA's to verify the anticipated impacts of ex-ante SIAs.

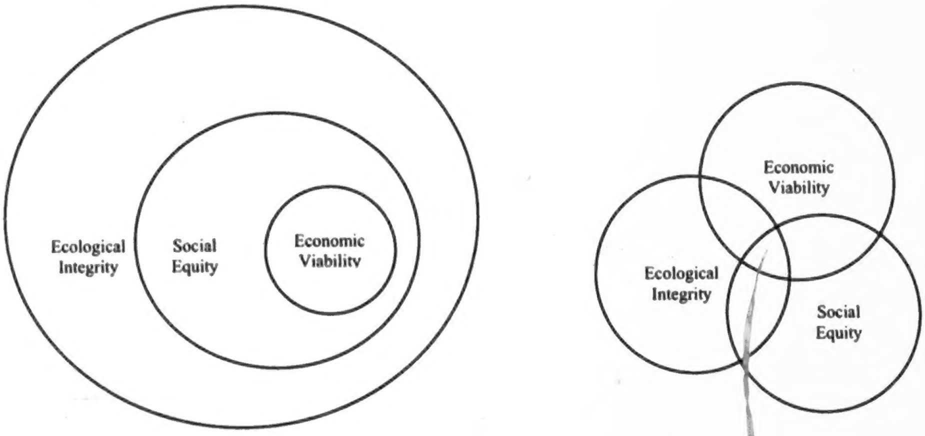
Unlike typical SIAs, this dissertation stems from an ex-post SIA of an internal (rather than externally imposed) institutional change. The SIA approach used in this dissertation parallels the larger research project and is described by Beckley and Krogman (2002). Comparison is conducted on three fronts 1) a comparison of absentee ownership (the situation prior to the local buy-outs) with local ownership, 2) a comparison of theorized benefits of local ownership with the benefits realized in the empirical accounts, and 3) a comparison of the benefits across the six local buy-out cases. This ex-post SIA enables a testing of the veracity of social science theorists who assume local ownership will lead to a variety of social benefits.

SIAs have also been criticized for a tendency to focus on negative impacts (World Bank Group 2003) where at a micro-level, there is a disproportional emphasis on individuals rather than on social groups and societies (Becker 1997). In addition, SIAs are criticized for failing to consider the goals of a community's development within its assessment, relying instead on a set of often universal objective indicators (World Bank Group 2003), such as population, educational attainment, labour force participation, and income distribution. Although, SIA's traditionally consider the negative impacts of a proposed change, this study used subjective and objective indicators to assess whether the benefits of local ownership suggested in the literature occurred within the six case studies. This SIA also focuses more at a meso-level, with the unit of analysis being primarily the community. To counter the failure to consider the goals of development, this SIA assesses the impacts against a broader goal of community sustainability. Community sustainability was a goal of the buy-outs, as each of the buy-outs represents attempts by communities to remain intact as communities.

Community members were attempting to maintain their populations, lifestyles and livelihoods, which implies an implicit desire to sustain the community over time.

Community sustainability and community capacity

Community sustainability is "the ability of a community to utilize its resources to ensure that present and future members of that community, as well as those in adjacent communities, can attain a high degree of health and well-being, economic security, and a say in shaping their future while maintaining the integrity of the ecological systems on which all life and production depends" (Flora and Flora, as cited by Allen 1995). Therefore, community sustainability encompasses an integration of economic, social and ecological domains (Hart 1999) such that the economic domain is embedded within the social domain, which in turn is embedded within the ecological domain (refer to Figure 1a). Another popular conceptualisation of community sustainability focuses on the three domains as integrated pillars of sustainability, whereby each domain is given equal weighting (refer to Figure 1b). Figure 1a is considered more of an eco-centric conceptualisation of community sustainability, whereas Figure 1b is considered more of an anthropocentric conceptualisation. The anthropocentric conceptualisation portrayed in Figure 1b is employed in the third chapter to highlight the interfaces between the social and ecological domains (socio-ecological interface), the social and economic domains (socio-economic interface), and the interface between all three domains (sustainability interface).



(a) **(b)**

Figure 1-1. Conceptual Frames linking Domains of Community Sustainability

Community sustainability has been associated in the literature with community resilience, community well-being and community capacity (Nadeau, Shindler, and Kakoyannis C. 1999). Community resilience is defined as a community's ability to maintain, renew, or reorganize social system functions and ecological functions; it is a measure of robustness and buffering capacity of a changing system (Berkes and Folke 1998). Community well-being focuses on the 'state of a community', as such, tends to rely on objective indicators, such as the stability of the population, the range and adequacy of income levels, and education levels to sustain and advance various enterprises in the community (Beckley, Parkins, and Stedman 2002). Community capacity focuses on both the state of a community as well as the potential of a community to adapt to change (Beckley, Parkins, and Stedman 2002). Beckley and others (2001:7) defines community capacity as the "the collective ability of a group (the community) to combine various forms of capital within institutional and relational contexts to produce desired results or outcomes. This definition involves three elements: capital or resources; mobilisation of those resources through social organization and relationships; and end results or outcomes. Four types of capacity outcomes are to 1) maintain or enhance economic vitality; 2) access resources from the state, 3) create or maintain a vital civic culture and 4) subsist or persist (Beckley et al. 2001). The first and fourth outcomes were the focal points for the six buy-out cases, but undertaking the buyouts required the other two capacities, as well.

My focus on community well-being and community capacity lead to the analysis of indicators of community sustainability. "Indicators of community sustainability are defined as social, economic and environmental factors that are deemed crucial for measuring progress toward a future desired state" and may be developed as a suite of indicators to reflect multiple components (Parkins, Varghese, and Stedman 2003:3). Indicator identification needs to incorporate process indicators, which focus on the adaptability of communities, in addition to the traditional profile indicators, which tend to rely on secondary data sets and focus on the state of communities (Beckley, Parkins, and Stedman 2002).

The first paper addresses local ownership's contribution to community sustainability, paying particular attention to community resilience; the second paper extends the focus on community well-being to include subjective process indicators and the third paper addresses community learning as a means of building community capacity.

Comparative case study research methodology

Comparative case studies can be used in exploratory, descriptive or explanatory research (Yin 1984). My comparative case study of the impacts of community corporate ownership is descriptive and the community learning paper is exploratory. This subsection focuses on the main critiques of the case study method, the responses to those critiques, and the strengths of the comparative case study method.

There are three main critiques of the case study method: small 'N", the non-independence of observations and lack of generalisability (Goldthorpe 1997). Comparative case studies usually involve a small number of cases, thus the "N" is not sufficient for statistical analysis. Independent observations are required to make causal statements. When observations are non-independent, observed correlation may be the result of two kinds of processes, stemming from either factors internal to the study or factors external to the study. The inability to distinguish between these internal and external processes makes it difficult to make causal statements. For example, I cannot pinpoint a single case study in which I can confidently attribute forest management shifts to local ownership or to changes in regulatory practices, because I cannot control for concurrent factors that may have also contributed to forest management shifts. Finally, case study methods are critiqued for trading generalisability for details. More specifically, it is difficult for case study researchers to go beyond empirical findings and the regularities observed to establish an understanding of how these regularities are generated. Critics of the case study method also argue that case studies preclude generalisation of findings to other settings, because the sampling within case studies does not meet the criteria of probability studies.

Proponents of the case study method address the three main critiques described above by appealing to the intent of case study research and by altering the design (i.e. using a comparative approach) to minimise these limitations. For example, using a comparative case study design is one means to alter the traditional case study method to address the lack of generalisability. A comparative case study is a type of cumulative study that enables the integration of findings of several case studies, hence the ability to generalize, with caution, without losing the richness of the details. For example, impacts of each of the local buy-out cases are investigated within each case first, to capture the importance of context to the findings, and then compared across the cases to make more general claims regarding the impacts of local ownership, taking local context into account.

The small N critique is turned inside out. The case-oriented method requires investigators to be very familiar with each of the cases, which are often of limited quantity that limits the total number of cases that can be meaningfully compared.

> *Because case-oriented methods compare cases with each other and consider combinations or conjunctures of causal conditions, the potential volume of analysis increases geometrically with the addition of a single case, and it increases exponentially with the addition of a single causal condition. Thus, it is not the number of relevant cases that limits the selection of method… but the nature of the method that limits the number of cases and the number of different causal conditions that the investigator is able to consider (Ragin 1987:51).*

One response to the lack of generalisability critique is that since the "methodological premise of most qualitative research is to develop a theoretical perspective from the particular and the concrete, then theoretical validity should be open primarily to the test of applicability, rather than of generalisability" (Carmel 1999:143). Another response to this generalisability critique is that probability samples and significance tests do not ensure accurate explanation, as "[a]ll research requires a creative leap from data to explanation"(Stoecker 1991:93). In addition, the analysis of the logical relationship between two characteristics is not based upon the "representativeness of the sample and therefore upon its typicality, but rather on the plausibility or upon the logicality of the nexus between the two characteristics" (Mitchell 1983:198). Since a variety of explanations can apply to a statistical association, only "careful sensitive *research of the specific instances that actually show the historical causal process* [his emphasis] allows us to see which theoretical perspective provides the best explanation" (Stoecker 1991:93). Hence, case study research is an effective means of analysing causation.

In general, criticisms of the case study approach suggest that it suffers from a lack of rigor or is vulnerable to an excess of bias. The claim is that there is no assurance of reliability[1] or construct validity[2]. Proponents of the case study method purport that case studies are sophisticated and rigorous. Construct validity is addressed through triangulation of evidence, that is, the use of multiple methods (Yin 1984). For rigor, a great deal of focus is placed on the careful rendition of "facts" and comparison of alternative explanations. Platt (1992) argues that we can more confidently generalise if we can show that our generalisations apply to a diverse array of cases. Yin (1984) argues that case studies are generalisable to theoretical propositions and not to populations or universes, and that the investigator's goal is to expand and generalise theories (analytic generalisation) and not to enumerate frequencies (statistical generalisation).

Ragin (1987) argues that those who criticise comparative qualitative case studies are using the quantitative analysis or experimental control yardstick. Criticisms assume the goals of variable-oriented methods and case-oriented methods are the same, however, the primary focus of the former is on theory testing, and the latter is on concept formation and theory development (Ragin 1991).

A comparative case study approach is appropriate for this study for a number of reasons. Comparative case study methods are appropriate when the phenomenon under study permits little experimental or quasi-experimental opportunity for study, when the attention to contextual detail is important, and when researchers want to combine qualitative and quantitative data. Post-hoc case study research is appropriate when the researcher has little or no control over the object of inquiry, as is the case here, where I have opportunistically studied a set of rare local ownership cases that constitute local buy-outs of forest product mills or forest licenses. The suite of six cases was selected within the larger research project to satisfy three main objectives. The first objective was to have a geographical mix across the country, including at least one site in Quebec. The second objective was to have a mix of mill types, i.e., both sawmills and pulpmills as they operate at very different scales and dynamics. And the third objective was to have a mix of both older and more recent cases. The case study method allows me to pursue questions about multiple contextual influences and interaction effects that could not generally be treated as operationalised variables in a statistical study (Yin 1984). I sought contextual detail from the cases to understand the paths and mechanisms that led a community to organise around a buy-out and details about the social impacts. Hence, in this study, where different combinations of factors produce the same outcome of local ownership, the focus is on the plausible explanation of each case rather than a determination of what factors facilitate all local buy-outs.

A criticism of this dissertation could be that I have selected all cases on the dependent variable by choosing six cases in which a successful buyout occurred, and thereby I have no control cases in which a buyout did not occur. The control cases might have comprised of buyouts that were unsuccessful, cases in which absentee ownership persisted, or towns in which the mill closed down without any community attempt to organize a buyout. Ideally, having a mix of successful and unsuccessful buy-out cases and local and non-local ownership cases would strengthen my claims about the benefits of local ownership and factors required for successful buyouts. While my co-researchers and I would have liked to include control cases, we believe a comparison across six cases of successful buyouts was merited and provided ample variation, and replication, to draw some conclusions. Given the rareness of these cases within the forest industry, and their variation in terms of geographical setting, time, and type of buy-out, we have been able to characterize a number of consistent similarities of successful buyouts, and identify factors that could vary considerably across our buyout cases from corporate or provincial absentee-owners.

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[1] Reliability involves "demonstrating that the operations of a study--such as the data collection procedures-- can be repeated, with the same results" (Yin 1984:36).

[2] Construct validity requires "establishing correct operational measures for the concepts being studied" (Yin 1984:36).

In a case study approach, both qualitative and quantitative comparisons are generally made (Yin 1984). The flexibility to incorporate a variety of evidence in an examination of contemporary events makes this comparative case study method appropriate for this analysis, where both objective and subjective indicators are analysed. "Case-oriented scholars use flexible analytic frames that can be modified in light of the knowledge of cases that researchers gain in the course of their research. This aspect of the case-oriented approach makes it especially well-suited for concept formation and theory development" (Ragin 1997: 27). The case study approach is thus also appropriate for this study, as the primary focus of my work is to build theory on local ownership and community learning in local buy-outs.

Sensitising concepts are viewed as one means of furthering concept formation. "The sensitising concept is a construct that is derived from the research participants' perspective, uses their language or expression, and sensitizes the researcher to possible lines of inquiry" (van den Hoonaard 1997:1). "Learning" is such a concept within this study. One key theme that has emerged from the data is that local ownership enhances social capital through community and social learning. As such, the exploration of the notion of social learning draws more from a grounded theory approach. Grounded theory is a form of comparative case-oriented concept building (Glaser and Strauss 1967) that draws from a continuous interplay between data collection and theoretical analysis. The social impacts paper starts with an à priori theory to be tested (local ownership leads to a number of social benefits) and then collects data (in this case using both qualitative and quantitative variables), whereas the community learning paper starts with data collection and then proposes to induce theory (related to the nature of community learning derived from local buy-outs) from the data collected. By comparing social learning in a number of buy-out cases this study can expound on the role of social learning as a key element of local ownership. The context-based, process-oriented nature of the grounded theory approach facilitates the use of a broad range of data, including participant observations, field notes, event chronologies, and other textual transcripts.

Grounded theory is relevant to my study for two reasons. Firstly, since the notion of social learning was not one of the impacts I had set out to measure within the interviews, the other forms of data such as local newspaper articles and company documents about the buy-out help substantiate the information that emerged from the interviews. Secondly, little is understood about various contexts in which social learning emerges as an outcome of another phenomĕnon. The context of the buy-outs is important for understanding how learning takes place. Knoepfel and Kissling-Näf's (1998) literature review reveals that social learning processes are difficult to empirically record, but that social learning can be operationalized and documented post-hoc by using a systematic approach.

Thus far, I have provided reasons for using the case study approach for this study. The following briefly outlines advantages of using a comparative approach. Each individual case yields rich descriptive data about the impacts of local ownership. Multiple case studies within a comparative case study are beneficial for the purpose of cross-unit comparisons (Jensen and Rodgers 2001). The cross-comparison enables a level of analysis on a number of dimensions that could not occur though a single case study. By drawing from the traditions of a comparative case study, complexities of the impacts of local ownership can be teased out and further elaborated on. A comparison of community learning across the six cases enables generalisations on the nature of this emergent, yet common theme. In addition, the design of the comparative case study can help identify unexpected related variables, some of which may provide testable theoretical relationships for a future study.

Overview of Research Method

As suggested within the case study research method (Yin 1984), this comparative case study involves multiple sources of evidence. Both qualitative and quantitative data are employed, gathered through face-to-face semi-structured interviews, documents, archival records and observation. Triangulation, as such, is viewed as one method of achieving construct validity (Yin 1984). Interviews are more appropriate for studies that focus on the process of change. The face-to-face interviews allowed the researchers to speak directly with persons who were involved in the local buy-outs and learn from them what was most salient in terms of the motivations of institutional actors, group conflict or collaboration and the social consequences of local buy-outs. Two of four primary researchers covered three of the six sites and individual researchers covered the other three sites. Eight to sixteen individuals were interviewed in each of the communities between November of 1997 and November of 2001, for a total of 61 interviews. I carried out interviews in the Revelstoke and Meadow Lake cases.

Generally, key informant interviewees were initially chosen from secondary sources (such as newspaper accounts) and subsequent interviewees were then selected from a snowball sampling process. Respondents were deliberately chosen to represent a variety of perspectives and social positions in the communities. We sought representation from mill management, major unions, and board members of the new, local companies. In addition, we interviewed representatives of the local media, politicians, social service agency workers, and other knowledgeable "outsiders" (local residents who did not work for the mills).

These semi-structured interviews ran from forty minutes to two hours. Interviews were audio-recorded and transcribed verbatim for each of the six cases. Transcriptions were reviewed against the tapes to increase accuracy. Questions varied depending on the perspective of the respondent, though we asked core perceptual questions about community change of everyone. Documentation and archival records are two other forms of evidence used within this comparative case study. Secondary data in the form of newspaper accounts, consultant reports, trade magazines, government documents, annual reports of the corporations, community profiles and grey literature were analysed for themes related to the topic areas. We collected secondary data during visits to each of the communities. The final form of evidence used within this comparative case study also draws on observations made in the field and throughout the analysis. These observations recorded in memos and notes were substantiated by comparison with observations made by the other three researchers. More details on the overall method and reflection on the method are documented in the Appendices.

Overview of Six Local Buy-out Cases

The six cases vary across a number of variables including, the type of venture (sawmill, pulp mill, forest license), mill age (ranging from less than 15 years to 75 years), geographical regions in Canada, type of buy-outs (employee, community, or both employee &

community), year of the buy-out (ranging from 1973 to 1994), type[3] of local ownership (social, cooperative, trust, direct share ownership; four cases are comprised of mixed types of local ownership) and length of local ownership (ranging from 4 years to over 15 years). The key factor all of these cases have in common is that they were locally purchased from an absentee (corporate or provincial) owner. Since the cases are described within the following chapter, Table 1 is included here to provide an overview (and a quick reference for further chapters) of the similarity and difference between the six cases. An expanded version of the case descriptions are included in Appendix B.

Summary

The intent of this dissertation is to refine sociologists' understanding of local ownership, particularly on the nature of local ownership and the benefits of local ownership. In the first paper (Chapter 2), I challenge the assumption that local ownership inherently confers local control and that all local ownership, by virtue of that control, leads to community sustainability. In the second paper (Chapter 3), by acknowledging the many forms, types and impacts of local ownership, I help differentiate between the multiple layers and types of outcomes of local ownership, which can help communities to gain a better understanding of the true costs and benefits of pursuing local ownership as one type community-based forest corporations. This analysis helps address a larger question, which is, under what conditions do the benefits of local ownership help a community move towards sustainability goals? In the third paper (chapter 4), I seek to understand the nature of community learning achieved through the buy-outs. By doing so, communities will have another set of tools (related to community learning) to galvanize efforts around collective goals, and academics may want to incorporate this variable into their future analyses of social capital and social impacts of locally led efforts toward a collective goal.

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[3] The different types are discussed further in Chapter 2, below is a brief definition of each type:

Social ownership- Shares are held collectively by a group (i.e., tribal council representing nine Native Bands in the Meadow Lake Case or held by the community, as in the Revelstoke case), rather than by individual shareholders or members of the company.

Cooperative ownership- This type of cooperative combines ownership with democratic control, though ownership is limited to members of the cooperative. In Sacré-Coeur, a combination of a two worker cooperatives with an investment cooperative directly own and control the business. In Temiscaming, the workers' association managed the shares owned by the workers.

Trust ownership – Shares to a company are held and managed on behalf of employees within a trust; no transfer of control is involved.

Direct share ownership- Individual employees or community members purchase or are gifted shares in the company.

Table 1-1 Overview of the Six Local Buy-out/Local Ownership Cases

	Case:	**Temiscaming**	**Sacré-Coeur**	**Meadow Lake**	**Kapuskasing**	**Revelstoke**	**Pine Falls**
***Cases**	Province:	Quebec	Quebec	Saskatchewan	Ontario	British Columbia	Manitoba
	Geographic Region:	Central	East/Central	West	Central	West	West
	Distance to major urban centre:	366 km	222 km	300 km	846 km	206 km	117 km
Pre-Buy-out	Type of Venture:	Paper mill	Sawmill	Sawmill	Paper mill	Forest license	Paper mill
	Mill's Age:	55-75 years	10-15 years	10-15 years	55-75 years	N/A	55-75 years
	Pre-buy-out Profitability of Mill:	Yes	No	No	Yes	N/A	Yes
	Status (Year):	Closed (1972)	Closed (1983)	Up for sale (1988)	Up for sale (1988)	Up for sale (1991)	Up for sale (1989)
	Pre-buy-out Owner:	Multinational Corporation	Corporate Owner	Province	Multinational Corporations	Multinational Corporation	Multinational Corporation
Local Buy-out	Local Buy-out Motivation:	Crisis-induced	Crisis-induced	Opportunity-induced	Crisis-induced	Opportunity-induced	Crisis-induced
	New Company's Name:	Tembec Forest Products Inc.	Boisaco	NorSask Forest Products Company Inc.	Spruce Falls Inc.	Revelstoke Community Forest Corporation (RCFC)	Pine Falls Paper Company
	Year Founded:	1973	1985	1988	1991	1993	1994
	Type of Buy-out:	Employee & Community	Employee & Community	Employee & Community	Employee & Community	Community	Employee
Local Ownership	Initial Types (& Percentage) of Local Ownership:	Direct share ownership (47%) and cooperative ownership (31%)	Cooperative ownership (66%) and social ownership (33%)	Direct share ownership (40%) and Social ownership (40%)	Direct share ownership (59%)	Social ownership (100%)	Direct share ownership (71%) and Trust Ownership (15%)
	Length of Local Ownership:	10 years	>15 years	>15 years	6 years	> 10 years	4 years
	Current Ownership:	Public (1983)	Local	Local (100% Community)	Bought by Tembec (1997)	Local	Bought by Tembec (1998)

* In chronological order based on the year of the initial buy-outs.

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Chapter 2 : Critical analysis of the relationship between local ownership and community sustainability in the forest sector[4]

Local Ownership and Community Sustainability

> *The guiding principles of the Ecological Revolution are actively probusiness and promarket, but they are also strongly partial to locally owned businesses that provide employment to local people, pay local taxes to maintain local infrastructure and social services, meet local social and environmental standards, participate in the community, and compete fairly with similar businesses in markets that have no dominant players.*
>
> (Korten 2001:265)

Numerous theorists have addressed local ownership as a key element in a community's long-term ability to set the pace of its own development and character, ensure long-term social benefits from the enterprises that exist in the community's region and remain resilient against shocks, in other words, community sustainability. Key benefits of local ownership emphasized in the literature include local decision-making, greater capture of material wealth from local resources and empowerment over resource management. Collectively, current resource development literature, including dependency, commons and ecological modernization literature implies that local control or ownership will lead to community sustainability. In this paper, I examine the validity of this assumption by comparing theoretical arguments with empirical outcomes in six local buy-out cases. I also discuss discrepancies between the theorized benefits of local ownership and the benefits reported in the six case comparisons. My goal in this paper is to refine the sociological treatment of local ownership.

The positive attention to "local" control in terms of ownership, management and decision-making is abundant in rural sociological literature. Most well known is the work done by Goldschmidt (1947; also discussed in Kusel 2003) in which he argued that communities with greater local ownership, as opposed to absentee ownership, tended to show a host of other benefits, such as more schools, parks, civic and social organizations, newspapers, churches, better developed infrastructure and more local decision-making. Community benefits of local ownership achieved through local buy-outs include avoiding the pain of job loss, "sudden ruptures in their social and economic fabric," and preserving linked businesses and the commercial tax base (Hochner et al. 1988:28). Similarly, other social science theory on community-based management, co-management and common property resource management suggests that local control over resource management encourages a greater collective effort toward responsible land management (Notzke 1994; Ostrom 1992; Shrestha 1987), equitable access to land and managing for multiple community values (Duinker et al. 1994; Dunster 1989). Additionally, ecological modernization theorists, such as Spaargaren and Mol (1991), suggest that in order for future industrial development to be "ecologically rational" (i.e., sustainable), new institutional arrangements will necessarily incorporate greater democratic decision-making and a decentralized management capability, with the goal of environmental protection (Mol 1997).

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[4] This work was funded by grants from the following sources: University of Alberta Social Sciences Research Program, Natural Resources Canada-Canadian Forest Service, and the Social Science and Humanities Research Council of Canada.
A version of this chapter has been submitted for publication. Varghese, Krogman, Beckley, and Nadeau. 2005. *Rural Sociology*.

Extra-local ownership has been a key topic in dependency theory. Dependency theorists (Chase-Dunn and Hall 1991; Frank and Gills 1996; Wallerstein 1987) focus on unequal relationships between owners and workers, and core and peripheral communities, with particular attention to the impacts of extractive industries on rural communities. Several theorists (such as Brunelle 1990 and Marchak 1983) have described how core and peripheral relations play out in the forest industry to the detriment of timber-dependent communities, through corporate mobility and absentee ownership. Corporate mobility refers to the risk that a community will face rural decline should a corporate owner rapidly close down a satellite operation, and absentee ownership is an arrangement where a non-local owner makes most of the key decisions for an *in situ* company, both of which are associated with poor land management (Shuman 1999; Veblen 1923). Dependency theorists argue that it is only through increased local decision-making that the benefits from resources extracted from the periphery are captured in the local area, rather than in the metropolis. Once again, "local" control and ownership are viewed as paramount to altering the status quo.

In a book entitled "Going Local," Shuman (1998) contends that local ownership boosts local loyalty and gives communities an opportunity to regain control over their own destiny in an increasingly global economy. He argues that local ownership "helps inoculate a firm from being bought out, merged or manipulated" (Shuman 1998:82). Proponents of sustainability also focus on the local. A key principle of sustainability is the notion of "subsidiarity," where those who are most affected by decisions, hence those who are closest to the resource(s) of interest, have the greatest decision-making responsibility (Korten 2001). Subsidiarity is based on the premise that decisions should be made where the problems are, and where the knowledge and ability reside to address problems (Bossel 1996; Cernea 1985).

Collectively, these theories imply that the benefits of local control and ownership will lead to community sustainability. Thus, I argue a widely held assumption within the rural sociological literature is that local ownership, through local control (via local decision-making), fosters community capacity[5], community well-being[6], and community resilience[7], and thus enhances community sustainability. In this paper, six local buy-out cases are used to test empirically the link between local ownership and community sustainability, particularly with respect to community resilience[8], by exposing how the nature of local ownership interacts with the social consequences of local ownership.

Few sociologists have addressed the nuances of local ownerships. Some exceptions include Gilbert and Beckley (1993) and Geisler (1993), who have argued that ownership and control should be analyzed separately, given the subtleties of private and public ownership rights in different political contexts. Two sociologists who have unpacked ownership and control are Ribot and Peluso (2003:173), who recently introduced their "theory of access," in which they argue that we should move from a notion of property as a bundle of rights to a notion of access as a bundle of powers to benefit from resources. Ribot and Peluso distinguish between having property, as the "right to benefit" from having access as the "ability to benefit." In many respects, owning a mill or the rights to a forest license do not really speak to the ability to benefit from that ownership. As discussed above, the literature on local ownership, however, would have us believe otherwise. I thus draw upon Ribot and Peluso's (2003) theory of access to address the ways in which the nature of local ownership confers certain benefits and liabilities that generally remain unaddressed in rural sociology literature.

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[5] Community capacity is defined as a community's ability to address its own problems and challenges and act on a basis of self awareness. Important determinants of community capacity include social, human, economic and natural capital (Hart 1999).

[6] Community well-being focuses on the "state of a community," particularly, how the various components of a community contribute to maintaining itself and fulfilling local residents' needs (Krogman et al. 2002; Kusel and Fortmann 1991).

[7] Community resilience is defined as a community's ability to maintain, renew, or reorganize social system functions and ecological functions; it is a measure of the robustness and buffering capacity of a changing system (Berkes and Folke 1998; Machlis and Force 1990)

[8] In the "Community Resilience Manual", the Centre for Community Enterprise (2000) includes local ownership as one of 23 characteristics associated with community resilience.

This paper begins with a brief overview of the methods and background of the six local buy-out cases. Collectively, these cases illustrate the complexity of the nature of local ownership, particularly with regard to the benefits of local ownership.

Data Collection and Case Background

This paper reflects broad observations detected in studying six local buy-out cases. It draws on multiple sources of evidence, including sixty-one face-to-face semi-structured interviews conducted between November 1997 and November 2001, newspaper and industry documents, community archival records and personal observations. The six cases include the buy-outs of a forest product mill in Temiscaming, Quebec; Sacré-Coeur, Quebec; Meadow Lake, Saskatchewan; Kapuskasing, Ontario; and Pine Falls, Manitoba; and the local purchase of a license to manage a forest tenure near Revelstoke, British Columbia. The empirical context of the initial buy-out, the resulting companies, and the current status are briefly described below.

In 1972, in **Temiscaming**, Quebec, the corporate mill owner, International Paper, announced that it would be closing the local paper mill. Fourteen months after the closure, the mill reopened under new ownership; a group of managers, former managers, workers and a provincial government agency had bought the mill. They created a new company, Tembec Forest Products Inc., with the motto "A company of people building their own future" (Tembec 2004). In 1983, Tembec Inc. went public and in 2000 they were listed on the Toronto Stock Exchange. As a publicly traded company, Tembec has very progressive social and environmental policies[9], that are attributed in part to their community-based origins and in part to progressive leadership.

In **Sacré-Coeur**, Quebec, a local sawmill facility changed owners many times (including outside and provincial ownership) since its opening in 1973 and went bankrupt a couple of times before reopening in 1985 as Boisaco Inc. Under this new community-ownership plan, shares were equally divided among a cooperative of mill workers (Uniscao), a cooperative of forest harvesting workers (COFOR) and a group of local investors

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[9] In 2004, Tembec received recognition as a Corporate Sustainable Standard-Setter by the Rainforest Alliance, for making significant contributions to environmental conservation and sustainability. At the same time, the first ever Rainforest Alliance Lifetime Achievement Award was presented to Tembec President and CEO Frank A. Dottori for his leadership in setting the standard for sustainable forest management (Rainforest Alliance 2004).

(Investra). Each of the three shareholder groups hold veto power on major decisions in the company.

In 1987, when the province decided to privatize the Meadow Lake Sawmill, in **Meadow Lake**, Saskatchewan, a group of workers and managers joined forces with a local tribal council (representing nine local bands) to buy the sawmill. They formed the NorSask Forest Products Company Inc. Then, in 1998, the tribal council acquired all the shares, becoming the first 100 percent Aboriginal-owned mill in Canada.

A mill town since the 1920s, **Kapuskasing**, Ontario became quite vulnerable in the late 1980s when Kimberly-Clark indicated that they were pulling out. It took three years for the corporate managers to negotiate a buy-out. In 1991, Spruce Falls Inc. came into existence with Tembec as a part owner. The buy-out included a long-term lease of 1.4 million hectares of provincial Crown land, known as the Gordon Cosens Forest. In 1997, Tembec's offer to buy the remainder of shares was approved by over 90 percent of the employees and subsequently Tembec became sole owner of Spruce Falls Inc.

In 1991, Westar Timber Ltd. was in the process of negotiating a transfer of their forest license to Evans Forest Products Ltd.; who would continue the existing practice of taking logs outside the community of **Revelstoke**, British Columbia. Community pressure on the government to halt the sale set the stage for the community to purchase the license to hold a community-controlled forest and create a log sort yard[10]. In 1993, the Revelstoke Community Forest Corporation was created to manage and operate the forest license, with the city owning the sole common share.

Pine Falls, Manitoba has been a mill town since the 1920s. In 1989, Abitibi-Price indicated they would sell out. After two years with no outside buyers, managers began to organize employees for a manager-employee buy-out. Negotiations began in 1991 and culminated in 1994 with a local buy-out and the creation of Pine Falls Paper Company. The Pine Falls Paper Company was subsequently bought out by Tembec in 1998.

Important Distinctions of Local Ownership

In this paper, I argue that sociological literature on local ownership fails to effectively capture the various nuances of local ownership. The six cases reveal a number of important distinctions of local ownership in terms of the benefits and impacts of local ownership associated with the composition, type and extent of local ownership and the extent of local control. Empirical findings from the six cases are integrated below into the discussion of important distinctions of local ownership.

Composition of ownership

In many cases, local ownership is treated as a discrete characteristic of businesses, which likely conjures up notions of a local individual or family group that owns a business. My research sensitized me to the complexity of the composition of "local ownership," especially when the Crown owns resources, the land leased only for the fibre (and not the other resources on the landscape such as wildlife, water, oil and gas), and the processing facility is owned by private owners. This is the norm in Canada, where 94% of forestland is public and administered by the ten provincial governments. In many provinces, long-term leases of forestland are granted to private firms in order to give them the fibre supply security to encourage them to invest in infrastructure.

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[10] A log sort yard is a distribution facility that attempts to ensure the highest value logs go to the highest end use.

Three distinctions outlined by Hurley and others (2002) are important for this discussion of ownership. They are 1) the dichotomy between public and private ownership, 2) ownership as exclusive dominion and 3) ownership as a divisible bundle of rights. Public ownership and private ownership are distinct from each other, as public implies collective control, whereas private implies individual control. Resource tenure for all six case studies (as is the norm in Canada) falls within public lands rather than private lands. In Canada, many long-term provincial forestry tenure agreements are tied to a mill and the mill itself is privately owned. Accordingly, provincial governments played a role in facilitating or providing support for each of the buy-outs of these private mills. When ownership confers exclusive dominion to an owner, owners enjoy select control and decision-making autonomy. For example, a private landowner in Texas may own all surface rights, subsurface rights, and non-transboundary waters within his or her property lines. In a divisible bundle of rights, each bundle confers a different and separable right, such as timber rights or subsurface rights. So, for the same parcel of land, a forest company may own the timber rights and an oil and gas company may own the subsurface rights. Thus, multiple values are inherent in a divisible bundle of rights concept of ownership. The buy-out of a mill falls within the exclusive dominion definition of ownership, whereas the negotiation for forest license refers to access to a specified bundle of rights, specifically, the right to manage a defined land base for timber harvesting.

A comparison of all six cases reveals three types within the forest sector: 1) ownership as exclusive dominion though mill ownership (e.g., Sacré-Coeur and Temiscaming), 2) ownership as a divisible bundle of rights through forest license (e.g., Revelstoke), 3) coupled ownership via mill ownership (exclusive dominion) linked to forest license (bundle of rights) (e.g., Pine Falls, Meadow Lake, and Kapuskasing). What is owned then has implications for the level of autonomy and power conferred at a local level. The expectation is that increased autonomy and power increases the potential to capture greater benefits from local ownership, however, multiple values inherent within a divisible bundle of rights concept of ownership have the potential to broaden the suite of beneficiaries. Hence, locally owning a mill and forest license (coupled ownership) carries with it a higher level of local autonomy and power, and thus benefits, than only locally owning either a mill (ownership as exclusive dominion) or a forest license (owning a single right from a bundle of rights). Although ownership over a mill only (ownership as exclusive dominion) carries a higher level of autonomy than only securing a forest license (divisible bundle of rights), securing a forest license has the potential for more widespread distribution of the benefits provided the multiple values inherent in a divisible bundle of rights notion of ownership are incorporated into forest management practices.

For the cases involving mills, three were paper mills (Pine Falls, Kapuskasing and Temiscaming) and two were sawmills (Meadow Lake and Sacré Coeur). This distinction is important in terms of the level of capitalisation required. Paper mills are large, capital intensive projects compared with sawmills. For example, in the Temiscaming case, an investment of over $16 million was needed to secure financing for the buy-out, whereas in the Sacré-Coeur case, the total investment amounted to $0.9 million. Pine Falls, Kapusaking and Temiscaming could never have raised the capital to undertake the buy-out by themselves. The workers and managers just did not have pockets deep enough to buy a paper mill. Not so for the other cases. Therefore, the type of mill, the number of employees, and the level of capitalization may limit the potential form of ownership.

Type of local ownership

Another distinction important in local ownership in the six cases was the type of local ownership. Four organizational forms of ownership (social ownership, cooperative ownership, trust ownership, and direct-share ownership (Beatty and Schachter 2002; Rhodes and Steers 1981)) are useful to distinguish between the different types of local ownership within the six local buy-out cases. In general, the types of local ownership differ based on who has shares and how those shares are held (i.e., individually or collectively). Table 2-1 shows the distribution of local ownership within each newly formed company, which helps to categorize the applicable types. This distinction is important because the initial buy-outs were galvanized by different local and extra-local players, which accordingly set up entitlements for shares and seats on the Board of Directors. The proportion of shares owned across the owners and groups of owners (e.g., managers, employees, community members, and outside investors) and the representation of various groups on the Board of Directors influenced the operation of the forest business, and tempered the amount of "local" control actually executed.

In social ownership, common shares are held collectively by a broad group rather than by individual shareholders or select members. In the Meadow Lake case, the proportion of shares held by the tribal council representing nine Aboriginal bands and the sole common share held by the community in the Revelstoke case are all examples of social ownership. In social ownership, community members have a collective ownership stake in the company (Beatty and Schachter 2002), but often less decision-making input than in a cooperative structure. Often, municipal or other elected officials make decisions regarding the socially owned resource on behalf of the citizens. A respondent in Meadow Lake referred to their structure as "community capitalism," whereby the profits of capitalism are distributed to the entire community rather than to an individual or a small group of individuals.

In cooperative ownership, in order to work in the organisation, participate in decision-making and benefit from profits, employees are typically required to purchase a set amount of shares. In Sacré-Coeur, two worker cooperatives directly own and control a large part of the business. In Temiscaming, the workers' association initially managed the shares owned collectively by the workers.

In a trust ownership, companies share broad-based ownership with employees through an employee stock ownership plan (ESOP). An ESOP is an employee benefit plan frequently held in a trust established by the company on behalf of the employees (National Center for Employee Ownership 2002). In Pine Falls, 15 percent of the shares were held in an ESOP. Participation in an ESOP entitles employees to share in the profits of a company, but they are not necessarily entitled to share in control over the company (Beatty and Schachter 2002).

Table 2-1: Locally Held Initial Distribution of Shares (%) and Board of Director Seats (#)

	Temiscaming	Sacré-Coeur	Meadow Lake	Kapuskasing	Revelstoke	Pine Falls
Company name	Tembec Forest Products Inc.	Boisaco	NorSask Forest Products	Spruce Falls	Revelstoke Community Forest Corporation	Pine Falls Paper Co.
(founded in)	(1973)	(1985)	(1987)	(1991)	(1993)	(1994)
Employees				52%, 3 seats		
Managers	39%, 4 seats*	-	22%, 1 seat	-	-	28%, 2 seats
Workers	31%, 2 seats	66%, 6 seats	18%, 1 seat	-	-	30%, 2 seats
Employee group	-	-	-	-	-	15%, 0 seats
Local Partners						
Community (e.g., popular subscription, city/band council)	8%, 0 seats	33%, 3 seats	40%, 2 seats	7%, 0 seats	100%, 7 seats	-
Other	-	-	-	-	-	3%, 1 seat
TOTAL** shares (%) and seats (#)	100%, 8 seats	100%, 9 seats	100%, 5 seats	100%, 9 seats	100%, 7 seats	100%, 9 seats
Initial Types (& Percentage) of Local Ownership:	**Direct share ownership (47%) & cooperative ownership (31%)**	**Cooperative ownership (66%) & social ownership (33%)**	**Direct share ownership (40%) & Social ownership (40%)**	**Direct share ownership (59%)**	**Social ownership (100%)**	**Direct share ownership (71%) & Trust Ownership (15%)**

* Seats refer to the number of positions on the Board of Directors

** % shares and # seats do not add up to this total, because the total includes seats not held locally

Source: Table modified from Nadeau and others (2003).

In direct share ownership, individual employees, community members or outside investors purchase or are gifted stock in the company. In Meadow Lake, direct-share ownership was restricted to the employees of NorSask Forest Products Inc. Over time, as shares increased in value, it became increasingly difficult to find buyers among the other employees. In Pine Falls and the early 80s in Temiscaming, employees were given the option to sell their stock freely to outsiders, setting up a situation whereby employee ownership was eventually eroded in these two companies (Beatty & Schachter 2002).

The differences between the types of local ownership within the six cases raise three points. Firstly, these four organisational types of local ownership are not mutually exclusive within a buy-out, as evident in four of the cases having multiple types of local ownership. The Temiscaming case had direct-share and cooperative ownership, the Meadow Lake case had direct-share and social ownership, the Sacré-Coeur case had cooperative and social ownership, and the Pine Falls case had both trust and direct-share ownership. There was such demand for wider community involvement in the Kapuskasing buy-out that non-voting community shares were made available to non-employees. Secondly, the different types of local ownership confer different rights and responsibilities (Hochner et al. 1988). For example, trust ownership often represents a minor amount of employee ownership, in which the employees tend to have low participation, whereas in cooperative ownership, there is a high level of employee ownership and a high degree of worker participation. Thirdly, the different types of ownership also confer different benefits of local ownership on different groups; for example, broadly distributed financial benefits within social ownership contrast with narrowly distributed financial benefits within direct-share ownership.

As Ribot and Peluso (2003) suggested, the composition of ownership and type of ownership focus on the notion of ownership as a *right to benefit;* the next section focuses on the theory of access as the *ability to benefit*, looking specifically at the extent of local ownership and the level of control associated with local ownership.

Extent of local ownership

In addition to the composition of local owners and type of local ownership, another important dimension uncovered is the extent of local ownership, where local ownership entails at least 51 percent local ownership. Each of these six buy-out cases are examples of local ownership, however, the extent of local ownership varies across the six cases, from 59 percent local ownership in the Kapuskasing case to 100 percent ownership in the Sacré-Coeur and Revelstoke cases (recall that in 1998[11], the company in the Meadow Lake case also became 100 percent locally owned). Table 2-2 provides an overview of the initial extent of local ownership for each case, indicated by the percentage of shares owned locally compared with those non-locally owned shares. In many of the cases where external shareholders exist, these were the result of either governmental stipulations before the buy-outs could be approved or at the request of a financial institution to assume liability for large loans necessary for the buy-out. For example, in the initial Meadow Lake buy-out, the provincial

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[11] It is interesting to note that Meadow Lake began as a local buy-out with only a small portion of outside investment, but that many of those original employee owners (the NorSask mill workers who led the charge) moved away. They cashed out individually and retired elsewhere (so the story goes). It raises an interesting point that depending upon the ownership structure, it may be difficult to keep a local buy-out local as time passes.

Table 2-2: Extent of Ownership (% Shares Distribution for Initial Shareholders) and Extent of Control (% of Seats on Board of Directors) in the Forest Companies that Emerged from the Local Buy-Out

	Kapuskasing	**Pine Falls**	**Temiscaming**	**Meadow Lake**	**Sacré-Coeur**	**Revelstoke**
Company name	Spruce Falls	Pine Falls Paper Co.	Tembec	NorSask Forest Products	Boisaco	Revelstoke Community Forest Corporation
(founded in)	(1991)	(1994)	(1973)	(1987)	(1985)	(1993)
Local	59% of shares 33% of seats	86% of shares 56% of seats	78% of shares 75% of seats	80% of shares 80% of seats	100% of shares 100% of seats	100% of shares 100% of seats
Non-Local	41% of shares 67% of seats	14% of shares 44% of seats	22% of shares 25% of seats	20% of shares 20% of seats	0% of shares 0% of seats	0% of shares 0% of seats

government retained 20 percent of the shares until a hardwood user was secured, at which time the 20 percent ownership transferred to a non-local hardwood user.

The ability to benefit from local ownership is tied to the extent of local ownership. The greater the extent of local ownership, the greater the potential to capture benefits from local ownership, however, tempering these potential benefits is the level of control associated with local ownership.

Level of control associated with local ownership

Presumably, if ownership confers an ability to benefit, then the extent of local ownership would reflect the extent of power wielded at a local level. This link between local ownership and local control can occur at either the company level or at the community level.

Seeking increased company control. A Board of Directors represents the interests of company shareholders, "to manage, or supervise the management of, the business and affairs of a corporation" (CBCA 2001). Comparing the local distribution of shares with the distribution of locally held seats on the Board of Directors is one means of assessing how local ownership is transferred to local decision-makers who work with the company. In Table 2-2, the initial distribution of shares held by locals compared with non-locals is followed by the distribution of locally held seats on the Board of Directors versus non-local seats. In Temiscaming, Meadow Lake, Sacré-Coeur and Revelstoke, the distribution of shares mirrors the distribution of seats on the Board of Directors, suggesting proportionate influence over firm decisions in relation to the distribution of ownership. Table 2-2 shows the discrepancy between extent of ownership and extent of decision-making power in the Kapuskasing and Pine Falls cases. In Kapuskasing, the local shareholders held a minority of seats on the Board of Directors, even though they were majority owner. In the Pine Falls case, the power was greater for the local shareholders (who also had a greater percentage of the shares). The translation of shares to decision-making power through the Board of the Directors was clearly not one percent of shares to one percent of seats, as in the other four cases. Sociologists often associate ownership with control; however, these two cases reveal that greater local ownership did not necessarily lead to greater local decision-making, and illustrate that control can flow from ownership, management or decision-making, or from a combination of ownership and management.

In addition, although ownership tends to imply some degree of control, within forestry there are many examples where ownership and control (through either regulation or management) are separated (Haley and Luckert 1998). This de-linking of ownership and control is supported by the Pine Falls and Kapuskasing case studies, which show that local ownership does not necessarily protect a firm from subsequently being bought out by an outside buyer (in direct contrast to what Shuman (1998) argues), as in both these cases the company was bought out by Tembec[12]. Hence, the assumption that local ownership automatically confers local control is inaccurate.

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[12] Remember that Tembec, itself, had local ownership roots, which dissipated when the company went public. Many of the commitments to local communities, however, were retained even after becoming publicly traded and were implemented in the companies they subsequently bought out. A portion of the financial returns remained local, but the sense of local control did not (see Beckley and Krogman 2002).

Rodgers (2001) identifies five meanings of local ownership in employee owned companies: 1) financial returns, 2) participation in issues affecting working conditions, 3) influence over broader strategic issues, 4) a sense of community and 5) fairness in how employees are treated. Of these five meanings of ownership, only participation (#2) and influence (#3) indicate a priority for a sense of control as part of ownership. This agrees with my findings that, in most communities, members were more focused on the benefits of ownership, mainly through employment and town business viability, than they were on the rights associated with ownership, such as rights to influence decision making and steer the company's investments.

Seeking increased community control. Differences between the cases suggest that motivation for the buy-out is important in shaping the type of local ownership, the extent of local ownership and the level of control that follows. Four of the buyouts were motivated by the corporate decision to shut down the mill or threat to do so, and when no buyers were forthcoming, residents felt the only way to save their town was to stage a local buy-out of the mill. These threat- motivated buy-outs (Pine Falls, Kapuskasing, Sacré-Coeur and Temiscaming) tended to have direct share, trust, and cooperative ownership structures, whereby the direct financial benefits of local ownership were confined to those with shares. Three of the threat-motivated buyouts formed corporations with relatively high levels of non-local control on the board of directors. Percentage of seats held non-locally were 25% for the Temiscaming case, 44% for the Pine Falls case and 67% for the Kapuskasing case. The disconnect between local ownership and local control is also evident in these four threat-motivated cases in that there were few opportunities for broad community input into these locally owned companies. These findings concur with literature (Hochner et al. 1988) that suggests that since most local buyouts emerge due to a threat of closure or downsizing, community control is of lesser interest in most case, as the urgent need is to maintain employment rather than to secure community control.

In contrast, the primary motivation for the buy-outs in Revelstoke and Meadow Lake was to increase local control, given previous dissatisfaction with absentee owners.

> *...as a community our [motivation for local ownership] was local control and better utilization. We were so bold as to think we could do it [manage the forest] better than the other guys [previous non-local owners].*
>
> *[Revelstoke Respondent]*

In these two opportunity-motivated buyouts, social forms of local ownership were created with a high proportion of ownership retained locally (100% in the Revelstoke case and 80% in the Meadow Lake case). In addition, opportunity-motivated buyouts strengthened the link between local ownership and local control. In Revelstoke, the community sought to ensure the flow of benefits of the forest industry to the community, rather than watch locally grown logs be shipped out to mills in other jurisdictions, and to have a stronger role in what they felt had to-date been inappropriate forest management. In the Meadow Lake case, local control was sought after a newly elected Conservative government decided to privatize a mill that had always struggled to earn a profit for the Crown Corporation that owned it.

> *Local ownership ... gives a sense of empowerment to a lot of the local people... It's right in front of you. It's not like it's distant. It's in your backyard. So, you're sort of in the drivers' seat, all the time.*
>
> *[Meadow Lake Respondent]*

In both the above cases, respondents generally reported that they felt more in control of their economic future as a result of local ownership, and the rights to ownership were as celebrated as the benefits accruing from it.

Implications of Local Ownership Distinctions on Community Sustainability

As one of the goals of the buy-outs was to maintain the community over time, the focus in this section will be predominately on community resilience. Recall that community resilience refers to a community's ability to maintain, renew, or reorganize social system functions and ecological functions (Berkes and Folke 1998). Community resilience entails intentional actions undertaken to enhance collective capacity to respond to adversity and stressful events (Centre for Community Enterprise 2003). Community resilience requires creative decision-making and local flexibility, both of which may be limited by the composition of ownership, the type of local ownership, the extent of local ownership and the extent to which local ownership translates to local control.

The composition of local ownership has implications for community capacity, community well-being and community resilience. Coupled ownership results in a wider number of opportunities from which to learn (leads to broader community capacity building). For example, in the Meadow Lake case, Mistik Management, the not-for-profit company created to manage the timber on behalf of NorSask and Millar Western provided numerous opportunities for broader based decision-making, hence community capacity building, through nine co-management boards scattered across the vast 3.3 million hectare license area (Hamersley Chambers and Beckley 2003). Ownership composition was also important in the Revelstoke case, where forest license holder requires negotiation among different resource users. For example talks were initiated between forest companies and environmental groups over the community corporation's stated commitment to ecosystem management and various community members participate on the Board of Directors. Of the three forms of ownership, exclusive dominion may provide the most limited gains in capacity building, given the limited role community members play in mill management decisions. This is not to deny that extensive local capacity building occurred within each of the respective boards, especially in contrast to management under absentee ownership. In addition, locally owning both a mill and leasing a forest tenure (i.e., coupled ownership) provides more scope for capacity building than only owning one or the other. Coupled forms of ownership contribute greater community resilience or opportunity for renewal and reorganization than only owning a mill or forest license. In Meadow Lake, for example, mill efficiencies and modernisation upgrades were combined with innovative forest management practices, including the formation of co-management boards that provides a voice for those directly impacted by forest management practices. All three local forms of ownership, however, provide greater community resilience potential than absentee ownership through increased capacity building, increased opportunities to derive benefits from local ownership, and contributing to increased resilience to corporate mobility.

In addition, large capital-intensive ventures are often out of the reach of rural communities without external investors. Hence, the type of mill, the number of employees, and the level of capitalization may limit the potential form of ownership. These factors have implications for community resilience. The greater the amount of capital required, the greater the need for external investors. This limits the extent of local control wielded, which in turn limits the resilience a community is able to realise through local ownership.

As one moves through the continuum of types of local ownership (direct share, trust, cooperative, social), there is a broader distribution of benefits, which can increase community well-being and community capacity, as well as community resilience. By virtue of their structures, direct-share and trust ownership have a more narrow distribution of benefits compared with cooperative and social ownership. In all the cases, regardless of ownership structure, the respective communities benefited from donations to support local causes. In Temiscaming, Tembec maintains a policy of donating one percent of profits to community endeavours (this policy was maintained in subsequent buy-outs, such as the Kapuskasing and Pine Falls cases). For community corporations (such as in Revelstoke and Meadow Lake), respective communities also benefit directly through dividends from the community corporations. The direct dividends are one example of how the broader type of ownership extends financial benefits to the entire community. As one moves through this continuum of types of local ownership, the increased level, scope, and distribution of responsibility required provides experiential learning opportunities that nurture community capacity through community learning. The combination of a broader distribution of benefits (linked to community well-being) with an increase in community learning (linked to building community capacity) makes social and cooperative ownership potentially more resilient forms of local ownership for the community than direct-share or trust ownership, provided they are also able to remain viable in the long run.

The simplistic notion assumed within sociological literature whereby local control is assumed to be accompanied with local ownership needs to be refined given the complexities of the meanings of local ownership, as described above. Local ownership without local control leads to some benefits such as maintaining certain standards of living within a community or maintaining population (Beckley and Krogman 2002; Krogman et al. 2002; Krogman and Beckley 2002). However, without local control, the true potential of local ownership diminishes. To relate this back to Ribot and Peluso (2003), local ownership confers a right to income or returns on investment (and risk), whereas local control confers this right but also a right to decision-making and thus local empowerment.

Particular features in a locally owned business can undermine local control. In the Pine Falls case, employee owners expressed dissatisfaction with managers who held a disproportionate number of shares and seats on the Board of Directors (Krogman and Beckley 2002). In addition, share distribution and seats on the Board of Directors may be such that one or two non-local investors wield greater control, as the concentration of their shares is greater than the concentration of any other individual's shares (e.g., Kapuskasing and Pine Falls cases). In cases where a few (non-local) individuals held a disproportionate number of the shares, they reportedly held more influence on the Board of Directors than did other members. In cases where there was more local control through representation on the Board of Directors, managers demonstrated greater resistance to company mobility, thereby enhancing community resilience. My findings corroborate Korten's (2001) assertion that broader representation of competing interests helps build community resilience by incorporating socio-cultural diversity within decision-making, and willingness to forgo some short economic term gains for local priorities.

As mentioned earlier, key benefits of local ownership emphasized in the literature include local decision-making, greater capture of material wealth from local resources and empowerment over resource management. Each of these benefits assumes a direct link between ownership and control; therefore, when local control is de-linked from local ownership, these benefits are less likely to accrue from local ownership. This study shows that the benefits of local ownership appear to be nurtured by factors that help link ownership with control. The type of ownership has an effect on the level of control a community is able to wield in the locally held operation. On a continuum from low community control to high community control is direct share ownership, trust ownership, cooperative ownership, and social ownership. Local buy-outs that are motivated by a desire for greater community control are more likely to create ownership structures toward the right side of the continuum (see Figure 2-1) (i.e., Meadow Lake and Revelstoke). Those merely seeking to "stop the bleeding" (e.g., save jobs, income and stem rapid out-migration) associated with the rapid departure of a corporate mill owner, tend to create ownership structures on the left side of the continuum (e.g., Pine Falls and Kapuskasing).

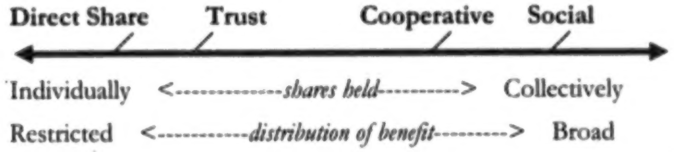
Direct Share
Trust
Cooperative
Social
Individually
<------------shares held--------->
Collectively
Restricted
<----------distribution of benefit--------->
Broad

Figure 2-1: Continuum of Types of Local Ownership

Figure 2-2 outlines the relative community resilience associated with the different distinctions of local ownership within the forest sector, based on the findings of these six case studies.

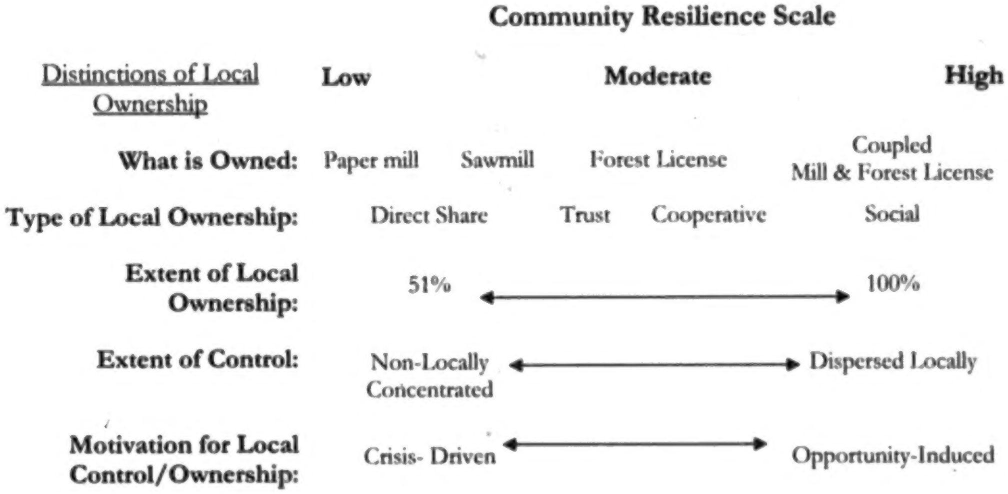
Community Resilience Scale
Distinctions of Local Ownership
Low
Moderate
High
What is Owned:
Paper mill
Sawmill
Forest License
Coupled Mill & Forest License
Type of Local Ownership:
Direct Share
Trust
Cooperative
Social
Extent of Local Ownership:
51%
100%
Extent of Control:
Non-Locally Concentrated
Dispersed Locally
Motivation for Local Control/Ownership:
Crisis- Driven
Opportunity-Induced

Figure 2-2: Relative Community Resilience Associated with the Different Distinctions of Local Ownership within the Forest Sector

Table 2-3 provides an overview of the level of community resilience offered by the distinction of local ownership realized within each of the six local buy-out cases. The columns indicate the case and the rows indicate the features of local ownership. The gradient of shading represents the level of community resilience associated with a particular feature for each of the six cases, with the lighter shading representing lower levels of community resilience and the darker shading representing higher levels of community resilience. The cases are listed in the order (left to right) from those with features associated with lower levels of community resilience to those with higher levels of community resilience.

This table highlights a number of important points. The first point is that the local buy-out cases offer some level of community resilience for each of the communities, although there is variation. These distinctions of local ownership may enhance or detract from community resilience. Secondly, this table emphasizes the link between community resilience and the nature of local ownership achieved, by helping to explain some of the variation in ownership outcomes among the six cases. For example, the two locally owned companies that were subsequently bought out (Kapuskasing and Pine Falls) represent buy-out cases where the nature of local ownership fostered less community resilience than the other four cases. The only other case in which local ownership was not maintained is the locally owned company that went public[13] (i.e., Temiscaming case) after ten years of local ownership and this case offers moderate community resilience. The three communities that have remained locally owned (Sacré-Coeur, Meadow Lake and Revelstoke) are on the moderate to high end of the community resilience scale.

Conclusion

The six buy-out cases represent examples of actors who "pool their powers, forming bundles of owners, workers, or beneficiaries acting in concert to assert greater control or to maintain their resource access" (Ribot and Peluso 2003: 173). These six cases reveal the complexity and numerous constraints on local ownership, exposing a more complex concept than most sociologists tend to consider. Following in the footsteps of the sociology of agriculture literature, which provides some examples of the de-linking of control from ownership (Geisler 1993; Gilbert and Beckley 1993), this discussion of ownership and control suggests that sociologists need to incorporate the complexities of ownership and control within their theorizing. Within the forest sector, the meaning of local ownership and community resilience varies depending upon the composition (e.g., private vs. Public; mill vs. forest license vs. coupled mill & forest license), type (social, cooperative, trust and/or direct share ownership), extent of ownership (percentage of local vs. extra-local shares), the level of control (e.g., proportion of locally held seats on the Board of Directors) associated with ownership and the type of mill that is at stake. The *composition of ownership* affects both the autonomy and power conferred at the local level, which then affects local flexibility in decision-making, in addition to, the scope and distribution of benefits captured at a local level. The six cases illustrate limited flexibility because of the obligations to the state (Crown) for forest leases and legal obligations to the shareholders to maximise profits.

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[13] A number of high profile examples show socially responsible companies (including Ben and Jerry's and the Body Shop) which become publicly traded had difficulty retaining their distinct socially responsible culture, given most publics' sole desire to maximise the value of their shares(Hollender and Fenichell 2004). These companies' original owners' advice is to remain privately owned, without public offering of shares, in order to retain a socially responsible corporate culture.

Table 2-3: Level of Community Resilience Associated with Features of Local Ownership for each of the Six Cases

	Case Study					
Features of Local Ownership	Kapuskasing, ON	Pine Falls, MB	Temiscaming, QC	Sacré-Coeur, QC	Meadow Lake, SK	Revelstoke, BC
What is owned:	Paper Mill & Forest License	Paper Mill & Forest License	Paper Mill	Sawmill	Sawmill & Forest License	Forest License
Type of Local Ownership:	Direct-Share	Direct-Share (71%) Trust (15%)	Direct-Share (47%) Cooperative (31%)	Cooperative	Direct-Share (40%) Social (40%)	Social
Extent of Local Ownership:	59 %	86 %	78 %	100 %	80 % - 100 %*	100 %
Extent of Control:	Non-Locally Concentrated	Non-Locally Concentrated	Dispersed Locally	Dispersed Locally	Dispersed Locally	Dispersed Locally
Motivation for Local Control/ Ownership:	Crisis-Driven	Crisis- Driven	Crisis- Driven	Crisis- Driven	Opportunity-Induced	Opportunity-Induced

Legend:

Level of Community Resilience	***Low***	***Moderate***	***High***

* Ten years after the initial buy-out, the Aboriginal co-owners bought out their employee and corporate partners to become 100% Aboriginal owned.

The *type of local ownership* influences the decision-making power of local and extra-local groups. Generally, the more inclusive the ownership structure across employees, managers, and community members, the greater the likelihood of explicit goals to support local jobs, community programs, and long-term viability of the business. The *extent of local ownership* affects the level of involvement and commitment of local and extra-local groups. Local ownership is defined as any situation where owners are at least 51 percent local, but it ranged from 59% to 100% within these six cases. Local owners may not act much differently than former or other corporate owners; their actions depend on the initial purpose of the local buy-out and the influence exercised by those with a "local agenda" on the Board of Directors. After the initial buy-out, local ownership evolves in various directions such as more local ownership, a corporate buy-out or public ownership. Even when local owners are majority owners, their proportionate representation on the Board of Directors may be low, therefore, the *level of control with local ownership varies.* Across the cases, I found increased accountability to local interests, particularly for broader forms of local ownership.

Local ownership without a long-term management strategy for moving toward sustainability may fail to make decisions with broader sustainability goals in mind. And recall, many of these cases emerged from a crisis. In Kapuskasing and Pine Falls, mills that were "saved" through local buy-outs were purchased once again by outside, corporate interests before a long-term vision could emerge. The six local buy-outs focused on different dimensions of sustainability. All six cases had an explicit goal of short-term economic stability; in addition, social well-being and ecological integrity were leading goals cited by participants in the Revelstoke case and Meadow Lake cases. The ecological and social dimensions, however, were not explicit goals of the Pine Falls and Kapuskasing case studies. These latter two cases provide evidence that local ownership in itself is insufficient to achieve sustainability, although there is always the possibility that broader sustainability goals may evolve over time. In fact, this possibility turned into reality in 2003 in the Kapuskasing case, where approximately 12 years after the initial buy-out, the five-million acre Gordon Cosens forest was certified by the Forest Stewardship Council under Tembec's leadership (WWF-Canada 2003).

Local ownership is not a panacea for achieving community sustainability. The *benefits of local ownership* are more apparent in terms of community members' increased sense of self-reliance than in improved creative and cooperative relationships to reorganize around collective goals. The business of industrial forestry and the role of outside decision makers in locally held forest harvesting and processing businesses limit local flexibility. In addition, there are many constraints to maintaining local ownership. The constraints include both structure (e.g., government policies and globalization), community agency (e.g., lack of leadership, commitments to social learning over time or financial capacity).

Government intervention to facilitate the process of obtaining and maintaining local ownership was important for many of the buy-out cases. For the most part this, requires the political will for governments to break free from the status quo of supporting large (often absentee) corporate ownership through tax credits or various subsidies, and rather support a diverse arrangement of economic players and structures through local ownership training programs, tax breaks, or other incentive programs. Provincial governments (recall that forests are mostly on Crown land in Canada) could also create alternative forms of tenure to encompass a diversity of approaches rather than large-scale forest licenses for large companies that own mills (Nadeau et al. 2003). There are a number of incentives and disincentives for the state to support local buyouts. Incentives include the maintenance of political support among constituents within communities facing mill closure; investing in a community also helps maintain a community tax base. Disincentives include the risk of simply postponing community decline and falsely raising community hopes, if the local buy-out fails, as well as the precedence and political backlash, if the government supports one local buy-out but not another. Future research should evaluate the role of government policies on local ownership, and examine the effects of a combination of investment and social policies on the links between local ownership and community resilience.

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Chapter 3 : Social impacts of community corporate ownership in the forest sector[14]

Introduction

As alternatives to absentee owners, one might expect that locally owned mills and locally controlled forest licenses offer a way for local people to have greater participation in forest management and ostensibly an opportunity to gain greater social benefits from the forest than would otherwise be the case under absentee corporate ownership. This paper uses a social impact analysis to assess the extent to which anticipated societal impacts follow after local people created two *community corporations* after formerly working under absentee owners, drawing from accounts from 24 key informants in two Canadian communities (for a description of this approach refer to Beckley and Krogman (2002)). Community corporations are ideal foci for post-hoc social impact assessments given they typically espouse multiple goals across economic, social and environmental criteria, and would at face value appear to provide a business alternative, more sensitive to social justice and environmental stewardship, than mainstream corporations. Mainstream corporations are frequently criticized for their focus on profit at the expense of local social welfare and environmental integrity (Korten 1995) and numerous political economy studies have evaluated their impacts, particularly their negative impacts, on small communities. Less addressed in the rural sociology literature is the role of community corporations, particularly in cases where ownership has shifted from absentee corporate ownership to local corporate ownership. In cases where sociological literature addresses local ownership, positive benefits are emphasized (Chase-Dunn and Hall 1991; Goldschmidt 1947; Shuman 1998), and do not take into account differences based on the nature of local ownership. Varghese and others (2004) suggest that the benefits of local ownership vary depending on the type of local ownership. Hence, specifically, this paper will address the question: What are the social impacts of community based forestry corporations, as one type of local ownership? Social impact analysis is usually conducted prior to an anticipated social change, through ex-ante impact assessments. This study provides an ex-post impact assessment to determine whether the predicted outcomes of two community based ownership arrangements occurred (Semple and Ironside 1992; Soderstrom 1981).

The first case is situated in a town of almost 4, 000 people in northwest Saskatchewan, i.e., Meadow Lake, and involves local ownership of a forest product mill and partial control over a forest license. The second case can be found in Revelstoke, British Columbia, a community of about 8, 000 people in which residents organized a community partnership between the city government and local forest companies to hold a long-term forest license for timber near the community.

Conceptual Framework

Social benefits of local ownership

There is much literature that places an emphasis on localization as an alternative to globalization (Berry 2001; Norberg-Hodge 2001). For example, community-based

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[14] This work was funded by a grant from the Social Science and Humanities Research Council of Canada.

management is "premised on the belief that local knowledge, local priorities and local decision-making should be central to resource management" (Stephens 2002:6). Literature on co-management (McCay and Jentoft 1996; Pinkerton 1989) and community forests (Duinker et al. 1994; Dunster 1989) gives priority to local peoples managing local resources to benefit multiple community values. Current resource development literature, including dependency, commons and ecological modernization literature place strong emphasis on the social benefits of local ownership.

Much of the literature on sustainability associated with business-community relations emphasizes the three pillars of sustainability, including economic viability, ecological integrity, and social well-being (Elkington 1998; Hawken 1994; Willard 2002). I have taken these broad pillars of sustainability and further broken them down into four overlapping categories of social[15] benefits, including social, socio-economic, socio-ecological, and general sustainability indicators. Key traditionally-considered **social benefits** (Smith 1994) of local ownership emphasized in the literature include local decision-making (Cernea 1985) and local empowerment (Notzke 1994); key **socio-economic benefits** include greater capture of material wealth from local resources (Guest and Lee 1983; Krannich and Luloff 1991); key **socio-ecological benefits** include democratic decision-making over the disposition of resources (Burdge 1995; Cernea 1985), long-term management time frame (Shrestha 1987) and more responsible stewardship of resources (Becker and Ostrom 1995; Burda and M'Gonigle 1996), and a key **overall benefit aimed at sustainability** includes broad social and environmental responsibility (Hollender and Fenichell 2004). This paper teases apart some of these anticipated generalized social benefits by assessing which social benefits have followed after local ownership was obtained.

Each of the benefits described above are measured through a suite of indicators. Social benefits are measured in terms of community governance, workplace democracy, social cohesion, social justice, and experiential learning, as well as social benefits that extend into other dimensions of community sustainability. Included are socio-economic benefits, which are measured in terms of economic stability, retention of profits in the community and spin-off business development; socio-ecological benefits have been measured in terms of sustainable forest management practices, and evidence of corporate policies that embrace sustainability and whether prescribed practices embrace a maximisation of benefits over a maximisation of profits. An overview of the relationship between these indicators and the three pillars of community sustainability are presented in Figure 3-1.

Definitions for each of these indicators and how each measure is operationalized are further elaborated below. The indicators examined to assess the specific impacts of local ownership represent benefits found in the literature and stated desired goals of the buyouts. Hence, most indicators were derived deductively (e.g., work place democracy, sustainable forest management, corporate social responsibility, economic stability, and the presence spin-off business development) and one indicator was derived inductively (i.e., experiential learning) as a key element of social well-being identified in another analysis of these six cases (refer to chapter 4).

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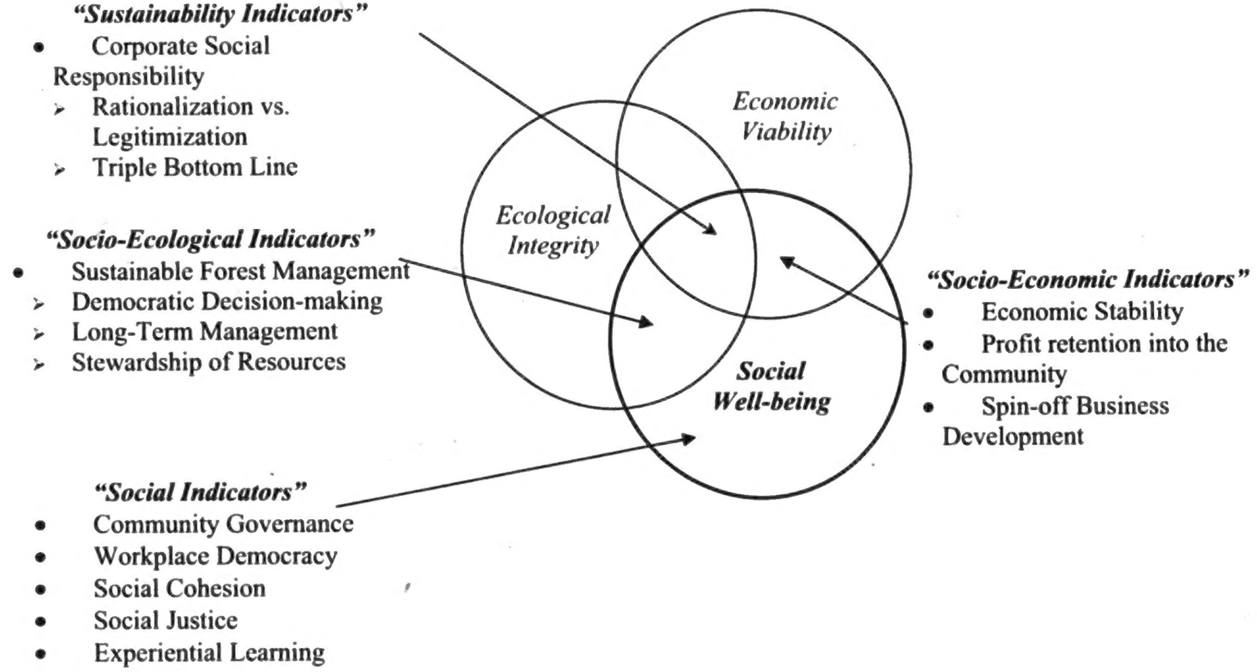
[15] Pure ecological and economic benefits are not considered within this analysis as the focus is on social benefits. Ecological indicators that might be considered in future research include conservation of biological diversity, forest ecosystem condition and productivity. Economic benefits could include profitability and efficiency.



"Sustainability Indicators"

- Corporate Social Responsibility
  - Rationalization vs. Legitimization
  - Triple Bottom Line

"Socio-Ecological Indicators"

- Sustainable Forest Management
  - Democratic Decision-making
  - Long-Term Management
  - Stewardship of Resources

"Social Indicators"

- Community Governance
- Workplace Democracy
- Social Cohesion
- Social Justice
- Experiential Learning

"Socio-Economic Indicators"

- Economic Stability
- Profit retention into the Community
- Spin-off Business Development

Figure 3-1: Indicators Assessing the Social Impacts of Local Ownership of Community Corporations

Social indicators

Five indicators were used to evaluate key social impacts of local ownership. Social indicators addressing local decision-making can be observed at the community level by examining the extent to which community governance is facilitated, as well as at a firm level through evidence of workplace democracy. Community governance refers to the efficacy residents report regarding community autonomy and the ability to make decisions toward their specific desires for community development (Jedwab 2001; Plumptre and Graham 2000). I have assessed this by documenting perceptions of local control at the community level under local ownership compared against their former experiences with absentee ownership. Workplace democracy refers to changes in the work culture to incorporate more shared decision-making (Nightingale 1982). The extent of workplace democracy is determined by the extent of opportunities workers are given to participate within the local ownership structure. Social indicators addressing local empowerment are observed at the community level by examining social cohesion, social justice and community learning. Community cohesion refers to the level of community activism, sense of purpose and willingness to work together on a common goal (McGhee 2003). Social justice refers to an equitable opportunity to participate in decisions affecting ones' life, entailing a redistribution of resources or an eradication of existing social, political or economic forms of oppression (Feagin 2001). Community learning is a group-engaged experiential acquisition of skills, knowledge and attitudes that enhances community capacity (Varghese et al. 2003). Primary data analysis allowed me to assess if, and how community learning emerged though the negotiation of the buy-outs and maintenance of local ownership. Collectively these indicators provide a sense of whether local decision-making and local empowerment followed from local ownership.

Socio-economic indicators

Many communities pursue local ownership to seek increased economic and social well-being. Some economic indicators are interlinked with community social well-being (Beckley 1995). When companies are owned locally, profits accrue locally, and therefore potentially contribute to economic development and spin-off effects in the peripheral region (Guest and Lee 1983; Krannich and Luloff 1991; Meek, Woodworth, and Dyer 1988). Greater capture of material wealth from local resources is assessed through three socio-economic indicators: Economic stability, profit retention in the community (through local savings or spending), and economic spin-off business ventures.

Economic stability is assessed by documenting whether increased forestry activity in these two non-forest dependent communities contributes to the community's economic diversity, measured through the forest dependence index[16] (FDI), which is an indicator measuring the proportion the forest sector contributes to a community's (i.e., CSD[17]) economic base (Leake 2003). Statistics Canada divides the levels of forest dependence into three categories based on the percentage of forest reliance, where forest reliance 50% or above is considered "forest dependent". The lower category is 50-64%, the middle category is 65-79% and the upper category is 80-100% forest reliant. The more diverse a community's economic base, in terms of industries present, the more resilient is the community to economic downturns, especially given the boom and bust cycles predominant in resource dependent communities (Leake 2003). Therefore, if local ownership contributes to diversifying a community's economic base, it can contribute to community resiliency by decreasing economic risk to a community during the bust cycles of the resource industry. This is consistent with the adage 'do not put all your eggs in the same basket.'

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[16] The author gratefully acknowledge N. Leake for providing the FDI values for these two communities. The index was created using the average forest industry income and the number employed in the forest industry. For detailed information on how these values were calculated refer to Leake (2003).

[17] CSD is a census subdivision, it is a geographic unit used by census Canada.

A more direct mechanism for capturing material wealth from local resources can be assessed in terms of the dividends earned by the community and direct donations to support community endeavours or interests. Professionals involved in local ownership of a business are more likely than absentee owners to become involved with community development efforts and attend to community needs (Gieseke and Korsching 1998; Sawhney et al. 1991). One can argue that local ownership sets up the potential for mutual co-existence between the company and the community rather than dependency of the community on the company. Profit retention in the community is measured by observing whether the new companies invested in upgrades and circulated company profits within their regions (e.g., buying supplies locally), and whether shareholder profits that accrued to the new local owners were spent locally. Evidence of economic spin-off effects of local ownership, or new businesses enabled by capital circulation in the community from the mill or forest license, are also identified and documented. Collectively, these indicators provide a sense of whether material wealth is captured locally as a result of local ownership.

Socio-ecological indicators

Rural sociology literature suggests that local ownership results in democratic decision-making, a long-term time management frame and more responsible stewardship of forest resources. I assess each of these as socio-ecological indicators of sustainable forest management. Democratic decision-making is assessed by the corporate governance structures, particularly the composition of the Board of Directors, as well as public consultation mechanisms supported by the companies. Inclusive or diverse membership within company sponsored Boards indicates potential for democratic decision-making (Parkins 2002). I assess long-term time management by examining forest management practices. Evidence may include harvesting a forest profile instead of high grading timber in an area[18], commitments to silviculture beyond legislated requirements, careful husbandry of forest resources for multiple values, or by being involved in larger-scale management plans (Hebert et al. 2003; Marchak 1983). The level of priority for stewardship of resources is assessed against the priority stewardship received in the interviews relative to other management goals.

Sustainability indicators

There has been an ongoing debate brewing about whether sustainability can be achieved within a corporate capitalist economic system. Ecological modernists would argue that it is possible to reconcile ecological and economic issues through existing institutions and markets (Gouldson and Murphy 1997; Weale 1992). Critics, like Paul Hawken (1994) and Markus Milne and others (2003) argue that even if every company was to adopt ecological and socially sustainable practices, the cumulative impact of our production and consumption would remain unsustainable. Hawken argues for a restorative economy, one in which true costs of production (including ecological and social costs) are reflected within the prices of products, rather than treated as externalities. This would require a major overhaul of the corporate capitalist economic system.

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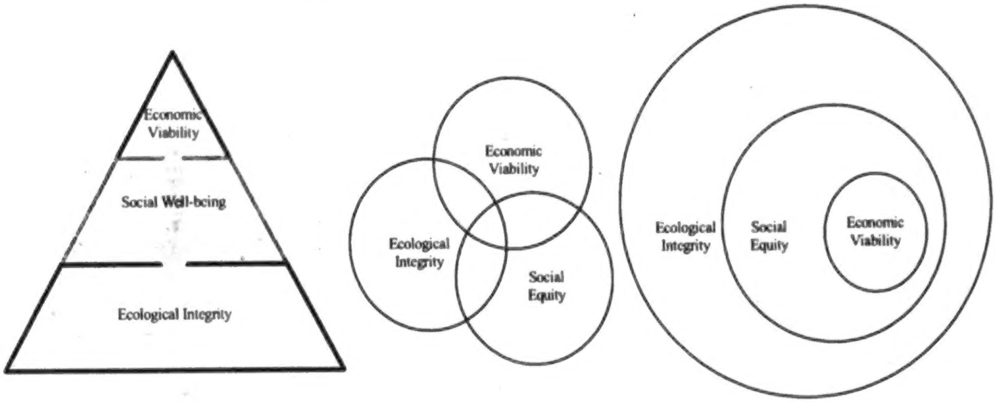
[18] Profile harvesting refers to harvesting the profile of the forest to ensure that the same composition of forest (size, type of species, etc.) will regenerate. High-grading refers to harvesting the most economically favourable species first (typically the oldest and largest), with little concern for the forest that will then regenerate.

Part of the debate relates to different conceptualisations of the relationship between the three dimensions of community sustainability (refer to Figure 1). The dominant view in practice is the neo-liberal economics, which is that achieving economic viability is required before the benefits can trickle down into social and ecological sustainability (see Figure 3-2a). Another conceptualisation, advocated by authors like John Elkington (1998), calls for an integration of the three pillars of sustainability (see Figure 3-2b). In this conceptualisation the linkages between the three dimensions of sustainability are placed at the forefront. In the third conceptualisation ecological sustainability is viewed as paramount to achieving economic and social sustainability (see Figure 3-2c).



(a) **(b)** **(c)**

Figure 3-2: Three conceptual links between three dimensions of sustainability

These three conceptualisations may be viewed as a progression in sustainability from 'a' to 'b' to 'c'. The focus on corporate social responsibility provides one means of tracking movement from the trickle down conceptualisation (a) to the integrated conceptualisation (b). I am not evaluating the cases for how well they stand up to the model that places ecological sustainability as the key goal (c), as this is an abstraction, an 'ideal type' that is not realised. Instead my analysis evaluates these two cases across a set of criteria that are ubiquitous in the literature on corporate social responsibility and for criteria in which respondents generally view are steps towards sustainability.

Corporate social responsibility refers to the expansion of corporate responsibility from solely profitability and maximising stockholder value to include broader societal goals, including social and environmental[19] sustainability. Defined in this manner, corporate social responsibility becomes an indicator[20] that touches upon social, economic and ecological dimensions of community sustainability. Some suggest that efforts toward corporate social responsibility are often genuine (Willard 2002) whereas other literature suggests that organisations often try to demonstrate only as much as needed to maintain legitimacy in the eyes of the attentive public (Frickel and Davidson 2004). The sociological literature suggests that locally owned businesses are more likely to rationalise social corporate responsibility than absentee owners; by rationalize, I am suggesting that one might expect that locally owned businesses genuinely incorporate sustainability into their policies and practices. Thus, to examine corporate social responsibility one must ascertain if a company is carrying out concrete actions as part of a company mission (rationalization) to sustainability more so than demonstrating symbolic company actions to improve public relations (to maintain public legitimacy). Two measures are therefore used to assess a commitment to corporate social responsibility through company policies and practices, 1) the extent and consistency of rationalization versus legitimization of sustainability goals, as stated by company leaders in interviews, and through company actions reported in the company literature and other sources, as was available, across my two cases, and 2) whether the corporation embraces a triple bottom line (in line with Figure 3-2b) versus a traditional single (profit-oriented) bottom line (in line with Figure 3-2a) as reported by company leaders in my interviews with them, and other documents stating company policy. These two measures are used in conjunction with each other, rather than as isolated measures. In using the triple bottom line concept, I am not referring to the "measurement, calculation and reporting" of a triple bottom line, but rather the verbal expression of an integration of ecological and environmental values with the traditional economic business values as a measure of corporate social responsibility. As there is no benchmark or standard by which to judge sustainability claims (Norman and MacDonald 2004), I compare the post buy-out cases against the progression depicted in Figure 3-2a to 3-2b.

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[19] Focusing specifically on the environmental dimension is referred to as Corporate Environmental Responsibility, which is seen as a subset of Corporate Social Responsibility (Mazurkiewicz n.d.).

Socially responsive and responsible businesses consider how firms can incorporate community values (Korten 2001; Shuman 1998). This study also provides an opportunity to validate whether community social responsibility is rationalized when a community directly owns a corporation, such as a community corporation. Both cases in this paper involve community corporations. A community corporation is one type of local ownership (where local commons and cooperative corporations are examples of others) created through social ownership. Community corporations are modifications of privately held corporations; they blend public responsibility with private profitability, and hence are hybrids between capitalism and socialism (Shuman 1998).

Methods

The primary data for this paper comprises of semi-structured interviews conducted with a total of 24 key informants involved in the buy-outs of a forest product mill in Meadow Lake, Saskatchewan and a local purchase of a tree farm license in Revelstoke, British Columbia. This interview data was supplemented with statistics Canada data, annual reports, and media coverage of the local buyouts. A brief description of the two study sites, a comparison of the two study sites, data collection and data analysis follows.

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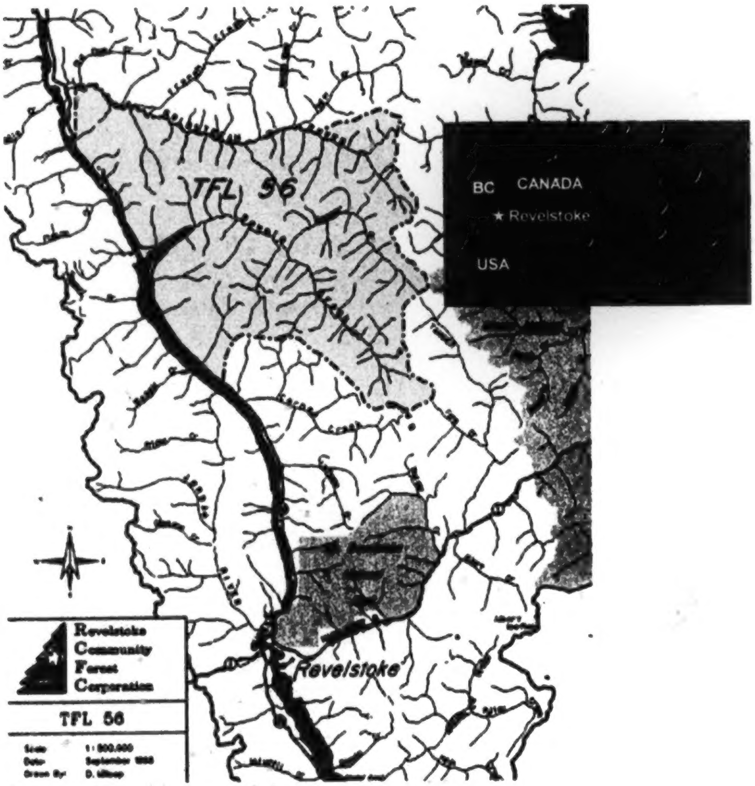
[20] It's important to note that I'm using corporate social responsibility as an indicator of commitment towards sustainability, but not as a measure of sustainability itself, and this indicator should not be interpreted as an ultimate measure of sustainability. Milne (2004) warns of the need to be wary of disconnections between triple bottom line reporting and ecological sustainability that exists in practice.

Study site: Revelstoke

Revelstoke (see Figure 3-2 for location) was a community caught in the boom and bust cycle of typical resource industries. Between 1987 and 1990, the city of Revelstoke and community groups worked together to change this. Tree Farm License (TFL)[21] 55, located on the Columbia Mountains about one hour's drive north from Revelstoke, was up for re-licensing. While the provincial government and the current forest license holder, Westar Timber Ltd., were negotiating transfer of their license to Evans Forest Products Ltd., it became clear that the community wanted to have more influence over how the benefits were distributed. In just under one year of consultation, the city of Revelstoke requested purchase of what became TFL 56 (the southern half of TFL 55) in partnership with three local mills. The B.C. Ministry of Forests granted the request.



Source: http://www.rcfc.bc.ca

Figure 3-3: Location of TFL 56 and Revelstoke

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[21] A tree farm license (TFL) gives exclusive right to harvest timber and manage forests on a specified area of Crown land (Cortex 2001). This particular TFL located in the Columbia Mountains in Central British Columbia comprises of 119,748 hectares of land and a net operable land base of 21,000 hectares (Denman Community Forest Cooperative 2001).

Revelstoke contributed $1 million, local industry contributed $1.5 million and the Royal Bank provided $1 million in loans to purchase the TFL from Westar Timber Ltd. The City created the Revelstoke Community Forest Corporation (RCFC) to manage and operate the TFL, retaining community interest by ensuring city and diverse community representation on the Board of Directors. RCFC was incorporated in 1993, with the city of Revelstoke the sole shareholder with one common share. RCFC borrowed $1 million in a short-term loan for start-up and initial operating. As part of the agreement, RCFC was required to sell 50% of the timber harvested to its industry partners, with the remaining 50% was to be sold at a public auction. In 1999, as a result of changes in the Corporate Income Tax Act which saw RCFC's tax free status as a municipally owned company eliminated, RCFC's Board of Director's agreed to restructure the company in a manner that better reflected the way the company operated and limit the company's liabilities. This change resulted in setting up a separate company, RCFC Holding Company Ltd. to act as a management company overseeing the operation of TFL 56. RCFC continues to carry out the primary forest management, logging, silviculture, and other activities on the land base (RCFC 2003).

Study site: Meadow Lake

Prior to local ownership, the Meadow Lake Sawmill in Meadow Lake Saskatchewan (see Figure 3-3 for location) experienced absentee ownership through private corporate and then public ownership. The sawmill was built in 1971 by the company Parsons and Whittemore, but eventually became a subsidiary of the Prince Albert Pulp Mill (Papco). Then in 1986, Papco sold their Prince Albert Mill to Weyerhaeuser Canada, but left the Meadow Lake Sawmill under provincial control. The closure of the mill for a year while under provincial control set the stage for the mill buy-out, under the leadership of the mill manager. Taking advantage of a government privatisation scheme in 1988, a new partnership between the employees of the mill (TechFor) and the Meadow Lake Tribal Council (MLTC) formed NorSask Forest Products Incorporated (hereafter referred to as NorSask). A portion of the shares was retained by the government to transfer to a hardwood user, which became Millar Western Pulp, an Alberta-based company. In 1991, NorSask and Millar Western jointly created Mistik Management Ltd, as a not-for-profit company, to oversee the Forest Management License Agreement (FMLA[22]). The FMLA covers 3.3 million hectares and includes a population of approximately 25, 000 northerners including ancestors of Cree, Dene, Métis and Europeans (Mistik Management Ltd. n.d.).

The initial distribution of shares in NorSask were as follows: 40% MLTC (split equally between nine local Aboriginal bands), 40% Tech For (~56% management, ~44% union), 20% Millar Western Pulp. For workers, the shares were originally purchased at a value of ten dollars (all voting shares). For communities, each local Aboriginal band had the same amount of shares (4%); they did not need to put money down. Their interests were secured by the MLTC through a bank loan. Provisions within the partnership (through a unanimous shareholder agreement) stated that the partners could only sell their shares to the other major partner (NorSask or MLTC). Ten years later, on April 24, 1998, the employees and Millar Western sold their shares to the Meadow Lake Tribal Council. Individual shares originally purchased with a value of ten dollars were sold for about 700 dollars each.

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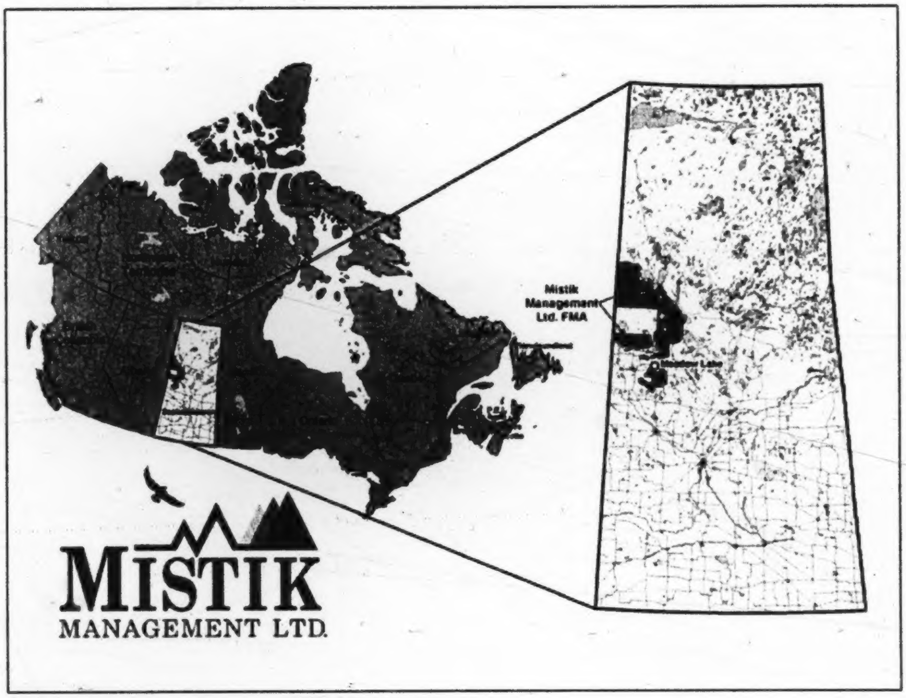
[22] "A contractual agreement between the Provincial Government and a lumber or pulp company to provide a wood supply to the processing plants of that company. It ensures that the forest on such lands are harvested and reforested to produce successive crops of timber on a sustainable-yield basis" (Saskatchewan Interactive Website 2002).



Source: Mistik Management Ltd.

Figure 3-4: Location of Mistik FMLA and Meadow Lake

Comparison of study sites

Table 3-1 provides an overview of the two comparison cases. In Meadow Lake, the locally owned mill (NorSask Inc.) owns half of the forest management company and a non-locally owned pulp mill owns the other half. In Revelstoke, half of the logs harvested by the forest management company (RCFC) are earmarked for processing by the three partner mills; the other half is sorted and sold in a public auction. Therefore, in both of these cases, timber harvesting and timber processing is coupled, and at least half of the profits are returned to the community, in the case of Revelstoke, and to a set of First Nations, in the case of the Meadow Lake mill.

Table 3-1: Comparison and Contrast of Two Cases of Local Ownership

	Revelstoke Case	Meadow Lake Case
What is owned/controlled	Forest License	Mill + ½ Forest License
Timber Harvesting & Processing	Coupled	Coupled
Community Involvement in Buy-out	Strong	Strong
Role of State	Facilitator	Facilitator
Leadership in Buy-out	1 key individual	1 key individual
Buy-out Leaders	Community Leaders	Community Leaders & Industry Management
Motivation for Buy-out	Local Control	Local Control
Geography	Town	Dispersed communities
Community Resilience	High	High

Unlike most mill buy-outs (Krogman et al. 2002), the motivation for these buy-outs was not crisis-driven. In both cases, there was a desire to increase local control given previous dissatisfaction experienced with absentee owners. Significant community involvement (through participation at informal and formal planning meetings) and government involvement (through debt relief and facilitating some of the outside investment), and strong local leadership characterizes both cases. In Revelstoke, community residents showed their support through a direct local referendum held to ratify the purchase of the forest license, whereas in Meadow Lake support was conveyed through tribal leadership across nine bands. One individual within each organisation was reported as being an important key leader (i.e., initiator and motivator) of the entire process.

Community leaders in Revelstoke, however, were the strongest leaders among those involved in the buy-out, whereas in Meadow Lake community leaders and mill managers shared key leadership roles. Another difference between the two cases is the geographic boundaries where the costs and benefits were played out; within the Revelstoke case the impacts are concentrated within the town and in the Meadow Lake case the impacts are dispersed among approximately 22 communities located in and around the forest license area (Mistik Management Ltd. n.d.).

The success of these two buyouts and the subsequent local ownership are attributed to a number of factors, some within the community's control and some external to the community's control. Factors external to the community include political will to engage in government support of the community, viable size of the venture being bought (be it mill or forest license tenure), and location of the community such that access to markets and resource proximity are ensured. Factors within a community's control that enhanced buyout prospects included community leadership that also facilitated social capital; community visioning that resulted in a community development strategy, and the willingness and foresight to bring in expertise not available within the community. In addition to leadership, broad level support (e.g., from local industry and environmentalists), and business capacity including, access to financial capital, sufficient time to get organised, establishment of credibility to approach financial institutions for loans, and sustained commitment over numerous revisions of buyout agreements were also important. The character of the community was also important. For example, the geographical isolation and a fairly homogenous population were often sighted as qualities of Revelstoke that contributed to a sense of resilience and provided the motivation for a "Made in Revelsoke" solution. Both communities ultimately relied on community capacity, or collective problem-solving capabilities, and community learning, or the ability to acquire the necessary know-how to work together and arrange the buyout.

Data collection and analysis

Eight to sixteen individuals were interviewed in each community in the summer of 2000 for a total of 24 interviews. Generally, key informant interviewees were initially chosen from secondary sources (such as newspaper accounts) and subsequent interviewees were then selected from a snowball sampling process. Respondents were deliberately chosen to represent a variety of perspectives and social positions in the communities. Representation was sought from mill management, workers and board members of the new, local companies. In addition, representatives of the local media, politicians, social service agency workers, and other knowledgeable "outsiders" (local residents who were not directly involved in the newly created company) were also interviewed.

These semi-structured interviews ran from forty minutes to two hours. Interviews were audio-recorded and transcribed verbatim for each of the cases. Transcriptions were reviewed against the tapes to increase accuracy. Questions varied depending on the perspective of the respondent, though core perceptual questions about community change were asked of everyone. The specific impacts of local ownership are assessed initially through pattern matching (Yin 1984). Patterns are reoccurring themes that emerge from interview phrases. In each of these instances, perceived changes for each indicator are described for each case and then compared across the two cases. The interviews provide information for the analysis on the subjective outcomes of the buy-out. Data was analysed by developing thematic categories through the constant comparative method, and then comparing information from data collection to emerging categories (Creswell 1998; Glaser and Strauss 1967; Strauss and Corbin 1990).

Transcriptions from the pilot cases were formatted to use qualitative analysis software (Strauss and Corbin 1990). QSR NUD*IST[23] qualitative analysis software was used to facilitate the cross-case comparison. Text within each set of thematic codes were further subdivided based on emergent themes and compared across the cases.

Secondary data in the form of newspaper accounts, consultants' reports, trade magazines, government documents, annual reports of the corporations, community profiles and grey literature were analysed for themes related to the topic areas. Table 3-2 provides an overview of the primary sources of data of each of the indicators used to assess the social impacts of local ownership of community corporations.

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[23] NUD*IST stands for non-numerical unstructured data indexing, systemising and theorising; a software program that assists with coding and analysis of qualitative data.

Table 3-2: Primary sources of data for indicators assessing the social impacts of community corporations

Social Impacts of Community Corporations	Primary Data Source(s)
Social Indicators:	
Community governance	Interviews
Workplace democracy	Interviews
Social cohesion	Interviews
Social justice	
Experiential learning	Interviews
Socio-economic Indicators:	
Economic Diversity/Stability	Statistics Canada
Profit retention into the community	Annual Reports and Interviews
Spin-off business development	Interviews
Socio-ecological Indicator:	
Sustainable forest management	Secondary Data, Interviews
(democratic decision making, long-term management and stewardship of resources)	
Sustainability Indicator:	
Corporate Social Responsibility	Secondary Data, Interviews
(rationalisation and triple bottom line)	

Social Benefits of Local Ownership

This section presents the social benefits of local ownership for the two cases; benefits are assessed against the four indicator categories: social, socio-economic, socio-ecological and sustainability. Particular attention is given to benefits of community corporations compared to absentee ownership.

Social impacts of community corporate ownership

Compared to the situation under absentee ownership, respondents reported higher social gains with local community corporate ownership, with respect to increased local control and local empowerment. In both the Meadow Lake and Revelstoke cases, respondents generally felt more in control of their economic future, i.e., increased *community governance*, as a result of local ownership. In Meadow Lake, the majority of interviewees reported that they felt an increased sense of self-reliance, as local ownership was seen as a means of acquiring capital in order to increase the community's self-reliance.

> *I guess why we are interested in that mill and our whole approach is really to acquire capital and our communities are not going to achieve self- reliance and self-sufficiency based on contributions from government exclusively. And so communities have to raise their own capital and so this is all part of a capital program to create a strong balance sheet.*
> [Meadow Lake Respondent]

In both of these cases, respondents referred to surviving hard economic times and the pride they felt around organizing to address community challenges without asking for outside (i.e., provincial) assistance.

> *The people here though are kind of resilient; they are not used to handouts... [or] that kind of thing.* Revelstoke Respondent]

> *We've also got a bit of a history, if there is a problem we try to find our own solution...People have their memories. If something happened here in the early 50's, they remember those types of things and bring it up, so there is a bit of history to it. The community has been able to be resilient in many ways.* Revelstoke Respondent]

Workplace democracy was not a key outcome for either of these two cases. While managers in the head office for RCFC made arrangements to share forest management decision-making with community members, no one reported changes in workplace relations in the three partner mills. It is important to note however, than even though no changes were reported, the three partner mills are all family-run mills (two local and one from another BC community) and are considered to be fairly responsive to their employees. In the Meadow Lake case, the previous manager under the government-owned mill assumed management authority under the employee-owned mill, and given the respect he garnered from employees during the buy-out negotiations, he continued to run the mill in a way he felt was most profitable, where workplace democracy was not of primary concern.

Successfully negotiating the buy-outs in the Meadow Lake and Revelstoke buy-outs required a certain level of community social cohesion. Meadow Lake respondents indicated mixed levels of social capital (low amongst workers and high amongst the nine native communities directly involved in the buy-out). As one Meadow Lake participant, described the lack of cohesion among company employees "it's kind of loose knit." The existence of the MLTC acting on behalf of nine First Nations (including four Dene and five Cree First Nations) was cited by respondents as one indicator of high cohesion among Aboriginal partners.

> *Oh, yah, very much so [a tradition of community cohesion and activism toward community goals prior to the buyout]. The Meadow Lake Tribal Council is probably one of the more unique groups in all of Canada among First Nations. And I mean, we've got two linguistic groups, the Dené and the Cree, and so that's kind of a strange mix. From the*

> *outside, you'd think well it would be one linguistic group, to get cohesion. We're spread out geographically, 300km North to South, 100km East to West, so it's not like we're all in one concentrated geographical spot. We have 3 different treaty groups.*
> *[Meadow Lake Respondent]*

> *And our [First Nation] communities have always hung together, they've always stayed united, and always tried to make life a little bit better, and a little bit better, and a little bit better. And in that incremental way they've moved an awful long way, they have a long way to go, but it really is... if you look all across Canada, it's one of the more cohesive groups around.* *[Meadow Lake Respondent]*

Social cohesion does not mean lack of dissention, but rather a commitment to validate and work through conflicts. In May 1992, Elders and grassroots' peoples expressed their dissatisfaction with practices by MLTC, NorSask and Mistik by blockading Highway #903 (Beckley and Korber 1996). Elders at the blockade expressed four main concerns: (1) clear cutting; (2) mechanical harvesting; (3) employment opportunities; and, (4) compensation for livelihoods lost (Saskatchewan Indian 1992). As a result of these blockades nine local co-management boards were established by Mistik (seven consist primarily of First Nations and two involve trappers) (Evans, Burda, and Song 1999). The blockades and the subsequent outcome of co-management show not only that locals had a voice, but that there was a genuine commitment to addressing local needs. I would argue that this incident supports an extension of social cohesion beyond the nine First Nations comprising MLTC to encompass those First Nations directly impacted by the forest management practices of Mistik. Revelstoke respondents indicated high levels of social cohesion prior to the buy-out, as members from an isolated community and fairly homogoneous population.

> *I think that Revelstoke has always had a pretty strong sense of community and it was really strengthened by what happened at the end of the 20 years of dam building in 1985.*
> *[Revelstoke Respondent]*

> *I mean we've really got a sense of community here...It's a combination of a whole bunch of things, probably the fact that we are somewhat isolated and we have to live together. You can either fight or you can get on with doing things, and we've always taken that proactive approach to dealing with challenges...*
> *[Revelstoke Respondent]*

In both cases, community members reported that more residents paid attention to the success of local businesses and leaders' decision-making regarding future investments in the community after the buy-out, and this garnered a sense of social cohesion.

> *I think that with the benefit of hindsight, when I see the support [of the forest industry] that comes within this community because of their involvement in RCFC, you would be hard pressed to have selected an option that would have delivered the benefits that RCFC delivers today.* *[Revelstoke Respondent]*

Social justice is evident in both of these cases. For Revelstoke, the TFL purchase represented the first time the B.C. government denied a proposed transfer of a license between two private companies because of unmet local community social and economic needs.

> *...in denying the transfer of the license to Evans Forest Products, that was unprecedented. That was the first time, I think that the Minister had ever used that clause in the Forest Act [stating that] economic and social well-being of communities had to be a factor in....transfer[ing] licenses... and it has never been used before. Because, it was really the industry and the Minister [that] made all the decisions before; local people didn't have much say [in license transfers].* [Revelstoke Respondent]

In the Meadow Lake case, direct partnership with native peoples represented an important milestone for the province, as historically they had been primarily shut out of the benefit stream of the forest sector, despite comprising at least ½ of the population of the region. One respondent ccommented that "First Nations historically haven't been shareholders, they've been stakeholders. And that's a big difference." Part of the sense of empowerment is depicted within the following quote:

> *I remember the very first time we were in the boardroom with the chiefs, and they received their first ever dividend cheque of any kind, from any company. It was about $35 000 each community and we passed them all out, and then one of the chief's said, "well, what can we spend it on?" And really, from that Indian Affairs mentality of, you get money for this purpose, and [you] got to account for it this way and report, and so on. And he said, "well chief, you can spend that however you want, however your community decides. And that's money, that's profit that's earned from the sweat off your brows, and if you want to put it into housing, if you want to put it into recreation facility, if you want to put it into elders programming, if you want to invest it in a new business, that's up to you and quite frankly you don't have to ask anybody where you can put it and you don't have to tell anybody afterwards, except your own community." And it was one of the most powerful things that had ever happened. [Meadow Lake Respondent]*

To show the continuing commitment to local Aboriginal empowerment and capacity building, Mistik provided $10,000 start up funds to each co-management board, in addition to $0.50/m^3 harvested in a co-management boards area (Evans, Burda, and Song 1999). This was essentially a voluntary tax on themselves in order to show good faith and to spread the benefits of forestry to the region as a whole.

Respondents in both communities highlighted *experiential community learning*, which is learning by doing, within both the negotiation of the local buy-out and within local ownership.

> *You can make your own mistakes and nobody is going to correct it for you, number one. And you learn that you're the one that's calling the shots. There's a certain amount of political risk and financial risk. And you can't go cry out to the outside government and say 'help us out', that's not the case here. Local ownership is like that, but also I think a lot of it is very educational, very ahmm, shall we say, gives a sense of empowerment to a lot of the local people... It's right in front of you. It's not like it's distant. It's in your backyard. So, you're sort of in the driver's seat, all the time. [Meadow Lake Respondent]*

Two dimensions of local or community learning, specifically learning about business, and learning how to work together, were key outcomes of these two buy-outs. In both Revelstoke and Meadow Lake, an increased competency with business language for example, was a result of the local buy-outs.

> *Yes, a whole growing, mentality process, the whole language thing. Nobody [referring to community chiefs] knew what return on investment was at the time [prior to the buy-out], because no one was really ever trained for that, they never had to work with it. Now, they just ask, 'what's the return, how long is it going to take, 10 years, 20 years? 20 years is too long.'* *[Meadow Lake Respondent]*

Learning to work together (social learning) is exemplified by increased trust and respect. In Revelstoke, for example, respondents mentioned that trust was gradually built over time. In Meadow Lake, increased respect was evident from the interview accounts of greater acceptance of the legitimacy of the values of other groups through working side-by-side in the buy-out process and during local ownership. Outcomes of the learning achieved through local ownership include an increased sense of empowerment and transference of learning, or the willingness to teach others what one has learned through the buy-out process.

> *...we have used CED [community economic development] as our basic principle and we offer study tours for people to come here and learn how to do this stuff.* *[Revelstoke Respondent]*

In summary, increased *local control* increased community governance, but not in terms of workplace democracy, though there was a higher sense of *local empowerment* through increased social cohesion, social justice and increased community learning.

Socio-economic impacts of community corporate ownership

Compared with absentee ownership, respondents from both communities highlighted greater capture of material gains as a result of local ownership, and reported that these gains have impacts on multiple scales and across different segments of the population.

In both cases, respondents reported that local ownership helped stabilize the local economy, especially in Revelstoke where securing a wood supply was central to the operation of two of its mills.

> *I think the biggest social impact that the Forest Corporation has made is stability...But if you look at the provincial stats of how forestry did last year and you look at RCFC last year, the number one word that comes to my mind is 'stability'. And that does a world of good in terms of social impacts.* [Revelstoke Respondent]

Historically, Revelstoke formed as a transportation and supply center for the mining industry. Prior to the buy-out in Revelstoke, forest sector dependence was less than 13%; after the buy-out forest sector dependence increased to 22%. Revelstoke community leaders proactively engaged in the forest industry development as one among four equally key economic areas, as part of a community economic development strategy. As one respondent noted "In Revelstoke, we have four major components to our economy, kind of equal, Forest Sector, Tourism Sector, Transportation...and the Public Sector." Though equal in terms of employment, these sectors are not equal in terms of income as the following quote indicates.

> *What we find is that 25% of the basic labour force works in the forest industry and 25% in the tourism industry. The forest industry generates 23% of our community employment income and the tourism industry 11% of community tourism income. So it just demonstrates that there is a reality to the fact that wages are lower in the tourism industry. There are as many jobs in our case, both have seasonal aspects to them and part time*

> *aspects to them. … Hey, we value tourism as much as we value forestry for what it does to us. But there is a reality that resource based industries do pay workers a living wage better than the tourism industry.* [Revelstoke Respondent]

In Meadow Lake, forest dependence was around 12% in 1986, prior to the buyout, and then jumped to just over 26% in 1991, after the first buyout, and to about 42% in 1996. NorSask commissioned reports (prior to creating Mistik) to determine how to structure forest-management in a manner that would not create a heavily forest dependent community in Meadow Lake and so that they could ascertain how to spread the wealth around the region. These increases indicate the importance of local ownership to the local economy, yet given the percentages are less than 50%, these figures also suggest that these communities have a more diverse economic base than forest dependent communities[24]. Local ownership in these two cases then contributed to stabilising the community economic base by building what was previously a minor part of the economy (<15%[25] in both cases). The communities also directly benefited from local community corporate ownership. In Revelstoke, RCFC began earning profits within their first year, as the market was strong right after the buy-out. It generated over $1 million in profits after first two years, with a steady increase every year since. The city of Revelstoke, as the sole shareholder with one common share, has benefited by over $550, 000 in dividends from RCFC (Refer to Figure 3-5) and was repaid half their original investment in January of 2001 (RCFC 2003).

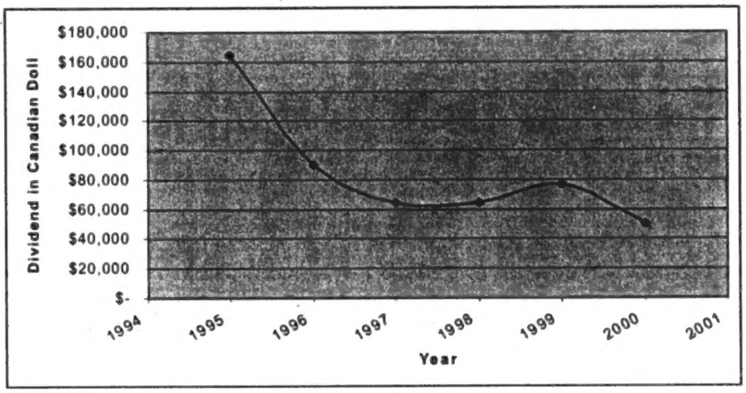

Figure 3-5: RCFC Dividends from 1995-2000 (unadjusted for inflation)

In Meadow Lake, workers at the newly formed NorSask Forest Product Inc. gave up wage increases for about 5-6 years, but this was more than compensated for after this period. The workers also had to contribute unpaid labour to keep the company afloat in the first few years. The interviewees asserted that the extra labour contributions were given without complaint. After the buy-out, the same mill manager who facilitated the buy-out managed the mill. The market was good after this buy-out, which was fortunate for the mill owners given their $3.2 million modernisation plan (Morin 1988) to technologically update the mill with the profits made in the first five years. By selling their shares to the Meadow Lake Tribal Council (who already held 40% of the shares) after ten years, employees were able then to cash in on their investment while still ensuring their jobs. Local control of the mill was also maintained as the Meadow Lake Tribal Council acts on behalf of many of the local communities.

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[24] Statistics Canada (1996) uses 50% as their cut-off to identify communities that are somewhat to highly reliant on a single resource sector.

[25] These relatively lower levels of forest sector dependence may also contribute to the 'proactive' motivation rather than 'reactive' motivation for these two buy-outs, as these communities would not be in dire straits if the buy-outs fell through.

In addition to direct benefits of profits to the respective communities, donations by the community corporations also support local causes. For example, in Meadow Lake donations have supported local capital projects like a swimming pool, curling rink, and a hospital, as well as different service groups and programs. In Revelstoke donations to local charities and local initiatives are addressed in line with a community social plan. These donations support forestry training and a forest museum, the latter contributing to tourism in the area.

Spin-offs from the experience of the buy-outs were mentioned as important within both the communities. The first quote below describes how the Tribal Council was able to support numerous forestry contracting positions and the second quote focuses on the commitment to building partnerships with other companies.

> *The way that it impacted over a couple of years, is when we did the buy-out, we actually got the initial impact of the jobs out in the forest...So what we did is we ran a company of our own, a logging company, ran logging trucks and contracting equipment, trained and employed our people ...* *[Meadow Lake Respondent]*

> *We [the Tribal Council] have managed to support small business in all our communities...We have teamed up with the First Nations, but we could also partner with some big corporation of some kind...so we are not restricted. In fact, that is what we would like to do, is [a] joint venture. We look at it, as our owners around a board table, not token members of any corporation.* *[Meadow Lake Respondent]*

In summary, local ownership had positive socio-economic impacts on both communities in terms of enhancing community economic stability without creating forest-dependent communities, transferring direct financial gains to the community from the locally owned company, and generating indirect benefits through the creation of economic spin-off ventures resulting from the increased circulation of capital from the locally owned company.

Socio-ecological impacts of community corporate ownership

Compared with absentee ownership, modest gains were realised in terms of democratic decision-making, long-term time management and stewardship of resources. Both RCFC and Mistik Management (the company NorSask and Millar Western created to manage the forest tenure) take pride in practicing innovative forest management. For example, RCFC practices more diligent silviculture and introduced profile harvesting as opposed to high-grading (a practice of their predecessors). Both of these practices provide evidence of consideration of long-time management, as the structure of the forest and reforestation is considered in their forest management practices. They also have included multiple stakeholders in the consultation processes. As part of the province's conditions for obtaining the forest license, the RCFC must have no industry involvement on their Board of Directors. Thus, either municipal government representatives or community interest representatives hold all the seats--meaning high levels of local power is held to ensure community interests are served. Mistik strives to combine science and traditional knowledge within the forest management (Town of Meadow Lake 2004). Mistik introduced co-management boards to the region, which serve as a means of making the decision-making process more democratic, giving the local community greater say in how the forest is managed (Chambers 1999). In the mid-1990's Mistik established a science advisory board to advise them on sustainable forest management. Long-term time management is also evident in that their Twenty-Year Forest Management Plan, which was approved by the province in 1997, included guidelines that extended 220 years into the future (Town of Meadow Lake 2004).

Within the Revelstoke case, the managed land base contains no communities, whereas in Meadow Lake, numerous communities exist within the managed land base. Hence, the primary beneficiaries within the Revelstoke case are the town residents. Since the land impacted by forestry is outside the town boundaries, impacts from forestry only indirectly affect the community. In the Meadow Lake case, however, the beneficiaries are dispersed among many communities and forestry has a high direct impact on these communities, given the visibility of forestry activities and the proximity it has for community residents. The contribution of local voices in decision-making was correspondingly higher in the Meadow Lake case than in the Revelstoke case.

One limitation of local ownership impacts on the socio-ecological dimension, however, lies in stewardship of the resources. In both cases government policies were viewed as restrictive of the ability to be good stewards. In Meadow Lake prior to transfer of complete control to MLTC, Mistik was very ecologically focused. In fact they were so cautious in their harvesting, that they harvested far below their Annual Allowable Cut (AAC), and were penalised by the government. The government took back and reallocated a portion of their harvest. The 'cut it or lose it' policy of the government is seen as being counter-progressive to the more precautionary approach practiced by Mistik. Evans and others (1999) argue that the problem is non-local governance over the resource. Thus, though there is increased local control over the benefits accrued through local ownership of the forest license compared to absentee ownership, there is not complete control. Crown control over the resource, which requires an annual rate of cut, links to the global markets, which place economic pressures on the company managers to maintain profit in the context of fluctuating pulp and lumber market prices, and lack of significant local pressures to put ecological management principles first, limits the extent local control is (and can be) exerted over the local resource, and the extent ecological integrity is protected.

Overall, the findings indicate that there are gains related to social impacts related to sustainable forest management, in terms of democratic decision-making and moderate efforts to manage the resource for long-term values, but overall, their high commitment to stewardship over the resources was limited by external constraints. The gains are still a vast improvement over the absentee ownership that had existed before in both communities.

Impacts of community corporate ownership on sustainability indicator

I evaluated corporate social responsibility across two measures: the extent to which goals towards sustainability were legitimized or rationalised within corporate policies and practices and whether a focus on a triple bottom line took precedence over a single bottom line. NorSask and RCFC interviewees reported more corporate social responsiveness than their predecessors, and justified their efforts as part of a general concern about community members' perceptions about the long-term influence of the company's presence in their town and on the land base. Corporate claims were substantiated by community member respondents who were not directly involved in the companies.

> *We [,the community] are in fact employing more people, thanks to RCFC. There are now contractors in the forest industry that wouldn't be working any longer if it wasn't for the Forest Corporation, because they have a sense of community, where they made a commitment, when this tree license of was bought that they would employ local people.*
> *[Revelstoke Respondent]*

> *...because there was more local interest, because the people before that, it was more or less run from a remote office either in Regina or previously at Prince Albert.... I guess there always has been some community involvement but certainly not to the extent that MLTC or NorSask would have done. Once we became the owners, because [of] local involvement and [since] we knew people that we could meet with and we knew their needs [,it was easier to be more involved in the community]. Whereas other people in remote offices are not aware of those things [needed by the local community].* *[Meadow Lake Respondent]*

Both companies demonstrated that sustainability goals were part of their company mission and commitment to local people. For example, Mistik Management corporate environmental "mission" is to "plan and practice forestry that balances all forest values, involves local communities in decision making and our forestry activities and builds on our experiences in a cost-effective manner" (Mistik Management Ltd. 2002:1).

Evidence of increased corporate social responsibility includes responsiveness to community needs. In both of these buy-outs the benefits of their respective community corporations are embedded within a larger community vision or mission. In Meadow Lake, NorSask has provided the Tribal Council with one of many means to build capacity in an effort to move towards their vision of "healthy individuals, families, and communities" as part of the native tradition to take care of each other (MLTC NETwork Website 2004). Part of the vision of the city of Revelstoke is to "...be a leader in achieving a sustainable community by balancing environmental, social and economic values within a local, regional and global context" and the RCFC is cited as part of this vision (City of Revelstoke Website 1994). In Revelstoke over the last decade, RCFC has addressed six key community objectives, which were first outlined in the February 1993 referendum (RCFC 2003:2). The first objective of "local control over resources," is addressed by RCFC in that the community captures material benefits from the local resource, rather than watching timber be processed by downstream communities. This combined with spin-off ventures then contributes to the second objective of "economic security/stability and job creation". The third objective of "access to information and a voice in decisions" is provided through community and municipal seats on RCFC's Board of Directors and at an annual general meeting where all community members are invited to comment on RCFC's annual financial report and general practices. The fourth objective of forest enhancement and environmental protection includes a greater commitment to silviculture in comparison to their predecessors, and a commitment to exceeding forest practice code requirements whenever possible. The fifth objective to provide "revenue to benefit the community" occurs through both dividends and community donations. Finally, the sixth objective, "community pride in direct ownership and management of the forest resource" is evident through the sharing of the "made in Revelstoke solution" with other communities and interested individuals. (e.g., though conferences such as the Community Forests: Opportunities and Practices Conference held in 2004 as well as through media (such as McLaughin 1999)). In both cases, interviewees reported that their community corporations played an important role in their ability to economically benefit from their local forests, diversify their local economies, and gain skills that were transferred to other community endeavours.

The following quotes are examples of ways in which NorSask and RCFC responded to their respective community needs.

> *Well, for example, [we] started up private small community mills. We started...we funded them and loaned the money. We've loaned our legal First Nations contractors, funded up the money and they paid [us] back through their contracts. And we continued to do that. We do student programs ...and sponsorships [for community activities]... we know we do have a corporate social sort of conscience about what NorSask has to do.*
>
> [Meadow Lake Respondent]

> *...the chiefs will ask, how many cubic meters and where are you going to cut, and how are you going to cut it? These are the questions that come to our table. They don't just say, 'well, let's go ahead and do it'. They ask us philosophical questions around that, because that's what they get from their membership, even with the same kind of knowing that they are creating jobs. But there is a limit, you can create jobs, but if the sacrifice is too big environmental[ly], they don't do it. They are very conscious about that.*
>
> [Meadow Lake Respondent]

> *There were a series of public hearings a year or two after the tree farm licence was bought, about the keystone-standard basin area which was within the community forest licence. This is a popular recreation area for hikers, mountain bikers and, in the winter, snowmobilers. It is also mountain caribou habitat. The result of the public hearings and studies by a land use management committee, with representation from all interests, including environmental, was to designate the keystone area as a protected area within the community forest and to also designate zones to protect caribou habitat. This was all done without the need for some group to launch protests. Just now there's been an announcement that a five-year program of restoration work on the keystone watershed is completed. This involved deactivating many kilometres of old forest roads from when Westar had the timber licence.*
>
> [Revelstoke Respondent]

> *We favour local people when we hired consultants or employees....And the other thing is we try to spread work around through the year, rather than get our logging over with, so to speak, we'll spread our work through the year, so that it makes the jobs more socially responsible. [Revelstoke Respondent]*

While these community corporations appear to be more responsive than their predecessors, company leaders admitted their commitment to economic profitability first, suggesting that it is only by this survival that focusing on other community and ecological benefits can follow (recall Figure 3-2a). In both cases, it appears that economic factors then play a larger role than ecological considerations in the company operations. As community corporations both NorSask and RCFC incorporate community values, yet these are business operations first and foremost, where additional benefits are complimentary, but not seen as essential.

> *So the key is let it operate like a business … but how the income is spent is…different…I mean really, in my mind, this is de facto taxation, because the profits from NorSask are invested [in]to nine communities. Call that a distribution of wealth; call it whatever you want. But I mean, profits aren't going into the jeans of individual people, they're going to the benefit of nine communities...[it is] community-based capitalism: because it is old fashion capitalism, it is straight out of the commerce books and the MBA books, but it is with a community face.*
>
> *[Meadow Lake Respondent]*

Though categorised as hybrids between business and community-oriented firms, interviewees expressed pride in their companies being more business-oriented than community-oriented. The underlying assumption is that profits accruing from local ownership will trickle down into the community. The "community face" refers to the arrangement where the company profits are then used to address societal goals. In the case of Revelstoke, profits go to the city of Revelstoke, the sole shareholder, where it may serve Revelstoke's collective needs. In the case of Meadow Lake, profits are redistributed to the nine communities associated with the Meadow Lake Tribal Council, where the individual Chiefs and councils may distribute the profits in a way that best serves their communities' needs.

Yet, even this focus on profits, self restraint appears to operate so as to extend benefits over a long time frame. One respondent articulated the outcomes if RCFC were to maximize profits without worrying about long term profits or renewability of the resource.

> *Conventional economics says you should maximise your profits…The theory suggests that you need to maximise in the long term, but when you've got shareholders, they like to see the balance sheet this year. So, when you are managing a piece of forest land, there is a strong incentive to managers to produce a good profit this year, next year, and the year after, but they don't really care about 20 years from now what profits are going to be like. If we were managing it like a company with shareholders, that were coming to the annual general meeting and saying "where's our profits?" and "we want higher profits" we would tend to...there would be a very strong incentive to take those really valuable cedar stands and to ignore the hemlock. We could keep on doing that. We could make a pile of money on the tree farm license over the next 20 years, but after that, it wouldn't be profitable, we'd run it into the ground. I'm not saying that all companies would do that, but there's a strong incentive to do so, just with the shareholders with the way they [shareholders] expect profit.* *[Revelstoke Respondent]*

Respondents described RCFC and NorSask as having adopted a broader set of goals, beyond maximizing profit for the corporation to assuring profit while attending to benefits to the community. Examples are provided below.

> *Speaking on behalf of my leadership [referring to tribal chiefs], they believe that there is a limit to profit. That the profits and the people who make those profits have to give back a certain level of... shall we say, philosophical, social conscience minded approaches, in terms of people and resource use. And that profits ain't everything. They are going to have to sacrifice some of their profits in order to make sustainability work. That's the way… Before it's always been profit, profit, profit.* *[Meadow Lake Respondent].*
>
> *And our manager first came from the private side…He'll tell you that probably, that it was different. You change your thinking around, instead of the bottom line, the buck, and*

> *doing things according to what that bottom line [is], the buck, [we are] doing things according to what the community wants and that sort of thing. And I think he'd say it was a pleasant change.* *[Revelstoke Respondent]*

> *There were different expectations [in the community] from creating a park to logging it all...There were [corporate] cultural differences- an expectation of profit, creating employment, training people generating economic activity in the community...sacrifice the bottom line in order to do that stuff.* *[Revelstoke Respondent]*

> *Of course, we are run by a board of directors that the city appointed. And so, if we [RCFC] are doing things that the city doesn't like, or the community members don't like, we'll hear about it... As well, since it's community run, there's an incentive to maximise benefits to the community, rather than maximise profits to a corporation. And those are quite different. As an example of that... if you look at tourism, which is very important to Revelstoke. If you have a forest company and tourism operators both focusing on the same area, the forest company can maximise profits by taking the best timber and not spending extra money on making things more visually [attractive], making things easier on the eye, and working around lodges and things like that. You can maximise your profits by ignoring the tourism operators. Those tourism operators provide benefits to the community of Revelstoke, and the forestry company, RCFC, provides benefits to the city of Revelstoke. Since the city of Revelstoke owns [the] forest company [RCFC, in this case], you kind of look at it from a broader perspective. If we log a great big square cutblock across from this lodge, it's going to make the lodge less profitable, and there'll be less people employed from Revelstoke. That's a simple analogy, but it's real.* *[Revelstoke Respondent]*

In summary, the new corporations provided a movement towards corporate social responsibility. There is evidence of some rationalisation of sustainability within community visions/missions and community corporate practices, and these community corporations appear to exercise self-restraint in a number of ways to maintain profits while addressing community benefits.

Benefits of Community Corporations Compared to Absentee Ownership

Many theories suggest that local ownership results in greater positive ecological, economic, and social impacts in comparison to what occurs under absentee ownership. Empirical evidence from the in-depth analysis of the Revelstoke and Meadow Lake buy-out cases imply that though there are vast improvements over absentee ownership, the social and socio-ecological benefits do not necessarily accrue from local ownership (Refer to Table 3-2 for an overview). Specifically, this research suggests that community corporations in these two cases have operated differently than their non-local predecessors and have been able to support a number of social benefits, especially given the commitment to specific goals by the owners to benefit the community. However, community corporations are still highly constrained by the competitive context of resource-based industries and the priority community shareholders have to increase profits as part of a business survival imperative.

Table 3-3: Overview of Theorized and Empirical Local Ownership Impacts

Indicators:	Absentee Ownership Impacts	Theorized Local Ownership Impacts	Empirical Local Ownership Impacts
Social	Negative	Positive	Mixed
Socio-Economic	Mixed	Positive	Positive
Sustainability & Socio-Ecological	Negative	Positive	Mixed

Conclusion

This paper sets out to compare the social benefits of community corporations versus absentee ownership. In relation to this goal, interviewees reported a vast improvement over their preceding absentee ownership structures. Local ownership resulted in a number of socio-economic and social benefits, including increased capture of benefits locally, local investment increased sense of local empowerment and participation. The socio-economic benefits of local ownership are more visible than socio-ecological and sustainability benefits of community corporation ownership, as I found evidence of a broader community distribution of profits and commitment to community improvements in community corporations compared to their predecessors, however, provincial forest policy (to harvest a set amount of trees), volatile markets, and community satisfaction with mild improvements over status quo forest management can inhibit significant changes to forest resource management.

The mixed nature of social and socio-ecological sustainability impacts accompanying these community corporations suggests that perhaps being locally owned is not the key variable that influences these outcomes. With the primary focus on business viability, these community corporations may not depart significantly from other corporations other than in the wider distribution of benefits. This suggests that the economic system in which a company is embedded may then be more important than whether the company is locally owned or not (recall Figure 3-2c). The distribution of ownership may allow for greater sharing of a company's profits, but workplace atmosphere and the sustainability impacts may be more a function of the goals of the company per se, and the broader social milieu in which they operate, than if the company is locally owned or not. To help assess the importance of local ownership, a future study might compare the social impact of a set of non-locally owned socially responsible corporations to a set of locally-owned community corporations. Such analysis may also tease out specific features of a company, regardless of whether it is locally or non-locally owned, that would enhance the positive impacts to the local community in which it operates. These features could then be promoted through local or regional government policies to encourage responsible businesses within rural communities. I also suspect that resource-based industries may have less flexibility than other industries given their site-specific constraints, dependence on fewer key buyers and international market prices, which also suggests a need to compare local ownership impacts across different kinds of industries and different types of ownership structures.

This study focused on the social benefits of local ownership of community corporations in comparison to absentee ownership. Though this work touched on the interface between social and ecological (i.e., socio-ecological) and the interface between social and economic (socio-economic) impacts, it does not address the ecological and economic impacts. Therefore, future research systematically assessing the ecological impacts (such as forest health, biodiversity and water and air quality), as well as assessing the economic impacts (such as economic leakage, employment, competitive cost, and economic viability of the firm) of local ownership of these community corporations would help paint a more comprehensive picture of all the impacts of local ownership of community corporations in comparison to absentee ownership.

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Chapter 4 : Local buy-out and local ownership: Contexts for community learning[26]

Introduction

Community capacity and social capital are concepts that have received much attention in rural and resource sociology in the last decade. Beckley and others (2001:7) define community capacity as the "the collective ability of a group (the community) to combine various forms of capital within institutional and relational contexts to produce desired results or outcomes." In this paper, I focus on processes that enable community members to build such collective ability, hereafter referred to as community learning. Numerous researchers have suggested that community learning is an important by-product of public participation (Sinclair and Miller 2002) and grassroots' movements (Bettencourt 1996), yet little is understood about the various contexts in which learning emerges and how it contributes to building community capacity (Bettencourt, Dillmann, and Wollman 1996; Pilisuk, McAllister, and Rothman 1996).

This paper contributes to this literature by drawing upon data from six cases in which local interests purchased corporately or state owned assets such as pulp mills, sawmill and their associated forest licenses. These local buy-outs represent collective initiatives in which the local population had little experience or guidance in the buy-out process. For this reason, they provide a useful context for understanding whether and how learning takes place. This paper examines the nature of community learning within six cases across Canada where forest product mills and/or forest licenses were bought locally by focusing on four questions. The first two questions, "What was learned?" and "What are some tangible outcomes of community learning?" provide **evidence** of community learning. The second set of questions "How did learning occur?" and "Why did learning occur? " focus on how the **context** of the buyouts and local ownership facilitated community learning. The purpose of this paper is to explore the benefits, consequences, and challenges of community learning achieved through local attempts to acquire ownership and control of built and natural assets. This paper contributes to sociological literature on the iterative learning processes that occur through a collective effort, and thereby addresses some of the potential longer-term effects of local social movements.

Defining Community Learning

Community learning is described as a group acquisition of skills and understanding that is acquired through experiences toward a collective, site-specific effort. Community learning includes knowledge and attitudes that enhance community capacity, or the ability for a group to work together on behalf of the community. In the six cases covered here, community learning contributed to community members' ability to negotiate the buy-outs and maintain local ownership.

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[26] This work was funded by grants from the following sources: University of Alberta Social Sciences Research Program, Natural Resources Canada-Canadian Forest Service, and the Social Science and Humanities Research Council of Canada.

The group-engaged or collective nature of learning involved in the six buy-outs is a collaborative learning process. According to Daniels & Walker (2001:76) collaborative learning "can foster a social reconstruction, away from the divisiveness of natural resource conflict and towards the development of sound environmental conflict management, decision-making, and the building of sustainable communities." Collaborative learning

> *…has some secondary benefits that emerge largely as by-products of making progress on the primary goal. Notable among these are an enhanced sense of accomplishment among the participants, a deeper sense of community, and an increased acceptance of the legitimacy of the values of other groups.* *(Daniels and Walker 2001:22).*

Community learning is also characterized as informal, experiential adult learning (Foley 1993). Informal adult learning refers to learning that is embedded in, and incidental to, other activities. The term "adult learning" stresses the *type* of learner, whereas the term experiential learning stresses the *process* of learning. This process of learning helps us assess the third and fourth objective of *how learning took place* and *why learning took place.* Experiential learning, also referred to as learning-by-doing, is a term used to distinguish "ongoing meaning making from theoretical knowledge and non-directed informal life experience from formal education" (Fenwick 2000:243). Learning-by-doing was facilitated by involvement in the buy-out itself and by sharing the learning with others. Of the five types of contemporary experiential learning that Fenwick (2000) reviews, the situational perspective most accurately depicts the experiential learning derived through the buy-outs. In this perspective, learning privileges experience over knowledge, as learning is rooted in the situation in which a person participates (Johnston and Usher 1997). This situated knowledge also encompasses things that are known implicitly as part of social practices (Mhina 2004) in which a group participates, referred to as tacit knowledge (Mhina 2004; Polanyi 1966). Here the notion is that in some cases learning is endogenous, and occurs through in-situ collaboration, or face-to-face sharing of the spheres of knowledge and willingness to act that group members can bring together to address a community problem. This self-reliance reinforces participants' confidence in learning from each other, or community learning. It focuses on participation, rather than on an acquisition of knowledge, invoking themes of self-reliance, togetherness, solidarity, and collaboration (Sfard 1998). Within community learning, however, both participation and acquisition of knowledge are critical to reach a collective goal.

Community learning includes attitudes, skills and knowledge learned or enhanced in the process of a collective community effort. Such attitudes, skills and knowledge make up the features of my first objective to assess *what was learned.* Daniels and Walker (2001) distinguish between context and content learning. In this study, context-oriented learning refers to the learning required to participate effectively in the buy-out negotiations and the subsequent local ownership structure. Content-oriented learning refers to the type of specialised information acquired to understand forest management, run a business, and devise an ownership structure that suits the local compliment of community interests.

Additionally, in order to assess what was learned within the context of the buy-outs and local ownership, I focused on Hart's (1999) community capacity domains. Community learning relates to learning to build each form of capital as well as learning to integrate the different forms of capital. The three main forms of capital are natural-, human/social-, and financial/built capital (Hart 1999). Natural capital includes ecosystem services (services provided for human activity including clean air, water, etc.), nature resources, and aesthetics (beauty and life affirming qualities of nature). Financial/built capital is also referred to as economic capital, comprised of built capital which refers to physical assets such as the mills or built infrastructure and financial capital refers to the management of money (Elkington 1998). Each community capacity domain corresponds to a specific type of learning required to build that particular domain. For example, social learning corresponds to the social capital domain of community capacity (Refer to Figure 4-1).

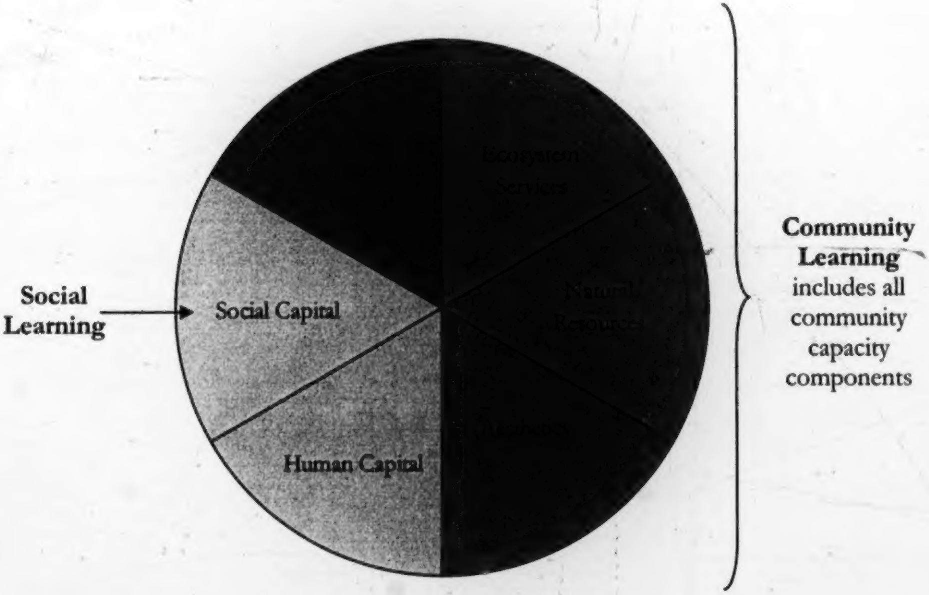

Figure 4-1: Relationship of Community & Social Learning to Hart's Community Capacity Components

Hart's community capacity domains, community learning domains and their emphasis on content and context-oriented learning are summarized in Table 4-1. The two kinds of learning (content- versus context-oriented) are not equally important within each type of learning domain. For example, ecosystem services learning relies more heavily on content- oriented learning than context-oriented learning (as the focus in on the intrinsic value rather than the subjective or utilitarian value of the ecosystem) and acquiring a sense of place (relates to aesthetics and experiences in places) focuses on emotional context rather than content-oriented learning. Note that an "X" assigned under "context-oriented" learning does not preclude that domain from also being experienced through "content-oriented" learning, however, the preponderance of learning is generally fostered more by context or content.

Table 4-1: Kinds of Learning Related to Community Capacity and Corresponding Learning Domains

Community Capacity Domains (Hart, 1999):	*Community Capacity Learning Domains*	*Context-Oriented Learning*	*Content-Oriented Learning*
Ecosystem Services	Ecosystem Services Learning	X	√
Natural Resources	Natural Resources Learning	√	√
Aesthetics	Sense of Place	√	X
Human Capital	(Re)-Training	√	√
Social Capital	Social Learning	√	√
Financial/Built Capital	Business Learning	√	√

Note: √ indicates that this kind of learning is predominant within this learning domain; X indicates that this kind of learning is not predominant.

Although we often think of communities as being defined as incorporating some notion of working together, in communities of place, working together is not a prerequisite for the definition. For example, communities of place focus on communities defined as sharing a geographic boundary. Social capital then becomes one form of capital that helps a community of place also become a strong community of interest, focusing on communities defined as sharing common goals or concerns. Community learning then encompasses the social nature of this learning, particularly the collective process situated within an experience to acquire the content and context oriented learning required to pursue a community endeavour. Community learning covers "those individual and group processes which not only produce, but also sustain community development outcomes" (Falk and Kilpatrick 2000:614). Falk and Kilpatrick uses the metaphor of "oil in the cogs" to describe the role of learning, where each of the components of community capacity are cogs that are lubricated (and thus run smoothly) via the oil of community learning. This paper follows in the footsteps of Falk and Kilpatrick by focusing predominantly on the "oil" rather than the "cogs" of community capacity building.

Method

Analysis for this paper is based primarily on semi-structured interviews conducted with key informants involved in the buy-outs of a forest product mill in Sacré-Coeur (Quebec), Temiscaming (Quebec), Kapuskasing (Ontario), Pine Falls (Manitoba), Meadow Lake (Saskatchewan), and a local purchase of a tree farm license[27] in Revelstoke (British Columbia). A brief overview of each case is provided below. Interviews are appropriate for studies that focus on the process of change. The face-to-face interviews allowed the researchers to speak directly with persons who were involved in the local buy-outs and learn from them the most salient elements of the learning processes, and contexts, at each stage of the buy-out. Two of four primary researchers covered three of the six sites and individual researchers covered the other three sites. Eight to sixteen individuals were interviewed in each of the communities between November of 1997 and November of 2001, for a total of 61 interviews.

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[27] A tree farm license gives exclusive right to harvest timber and manage forests on a specified area of Crown land; licensees must use logging contractors for part of the volume harvested during each year (Cortex 2001).

Generally, key informant interviewees were initially chosen from secondary sources (such as newspaper accounts) and subsequent interviewees were then selected from a snowball sampling process. Respondents were deliberately chosen to represent a variety of perspectives and social positions in the communities. Representation was sought from mill management, major unions, and board members of the newly-formed local companies. In addition, representatives of the local media, politicians, social service agency workers, and other knowledgeable "outsiders" (local residents who did not work for the mills) were also interviewed.

These semi-structured interviews ran from forty minutes to two hours. Most interviews were audio-recorded and transcribed verbatim for each of the six cases. Questions varied depending on the perspective of the respondent, though core perceptual questions about community change were asked of everyone.

The four researchers on the project worked closely together to develop the interview questions and coding processes so as to make comparisons across each of the six cases on similar dimensions, where themes and subthemes were coded by using NUD*IST qualitative analysis software. Interviews from the pilot cases (Pine Falls and Kapuskasing) were coded using the constant comparative method of grounded theory (Creswell 1998; Glaser and Strauss 1967; Strauss and Corbin 1990), and subsequent cases refined and expanded initial theme categories established from the first two cases. Text within each set of thematic codes were further subdivided based on emergent themes and compared across the cases. Profiles on the context of each case were developed, to highlight the differences and similarities in community learning across the six cases (Refer to Appendix B).

Description of the six cases

The following provides a brief overview of the cases used in this study, presented chronologically.

Temiscaming[28]**, QC:** In 1972 the corporate owner, International Paper, announced that they would be closing the local paper mill. A group of managers and former managers began to make plans to buy the mill and create a new company, Tembec Forest Products Inc. Fourteen months after the closure, with investment from the managers, workers, bank, a provincial government agency and the community, the mill reopened under new collective ownership.

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[28] For more information refer to: Laporte, Pierre. 1977. Tembec, un exemple réconfortant de participation ouvrière. Presses Élites, Montréal, Québec., École des relations industrielles, Université de Montréal.

Sacré-Coeur[29], **QC**: Since 1973, a local wood processing facility changed owners many times (including outside and provincial ownership) and went bankrupt a couple of times before reopening in 1985 as Boisaco Inc. This new community ownership plan comprised shares divided equally among a cooperative of mill workers, a cooperative of forest harvesting workers and a group of local investors.

Meadow Lake[30], **SK**: When the provincial owners decided to privatise the Meadow Lake Sawmill, a group of employees and managers joined forces in 1987 with the Meadow Lake Tribal Council to buy the Meadow Lake sawmill, which was renamed the NorSask Forest Product Company Inc. In 1998, Meadow Lake Tribal Council then acquired all the shares becoming the first 100% Aboriginal owned mill in Canada.

Kapuskasing[31], **ON**: Kapuskasing has been a mill town from the 1920s, but became quite vulnerable, in the late 1980s when the corporate owner, Kimberly Clark, announced they would sell or shut down the mill. It took three years for corporate managers to negotiate a buy-out. Bought out from the external corporate owner in 1991, the company became jointly owned by employees, Tembec Inc. and the local community. In 1997, Tembec's offer to buy the remainder of shares was approved by over 90% of the employees and subsequently Tembec Inc. became sole owner of Spruce Falls Inc.

Revelstoke[32], **BC**: In 1991, Westar Timber Ltd was in the process of negotiating a transfer of their forest license to Evans Forest Products Ltd, who would continue the existing trend to take logs outside of the Revelstoke community. There was great community pressure on the government to stop the sale. The government agreed and allowed the community to purchase the forest license to hold a "community controlled forest" and create a log sort-yard. In 1993, the Revelstoke Community Forest Corporation was founded by the city of Revelstoke.

Pine Falls[33], **MN**: Pine Falls has been a mill town since the 1920s, but in 1989 the external corporate owner, Abitibi-Price, indicated they would sell out. For two years no outside buyers could be found. Negotiations for an employee buy-out begin in 1991 and culminated in local ownership of the mill in 1994. The buy-out was achieved with investment from workers, managers, external foreign investors, and the community. Tembec Inc. subsequently bought out the Pine Falls Paper Company in 1998.

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[29] For more information refer to: Lienert, Albert. 1966 (circa). The Story of the Kipawa Noranda Woods Division. Canadian International Paper.

[30] For more information refer to: NorSask Annual Reports and MLTC website (http://www.mltc.net) , Town of Meadow Lake website (http://www.quantumlynx.com/townml),
Innovative Work Practices: Case Studies: Employee ownership at NorSask http://labour.hrdc-drhc.gc.ca/pdf/pdf_e/norsa-eng.pdf and Dale, Vincent. 1997. Innovative Workplace Practices: Case Studies-Employee Ownership and NorSask. Collective Bargaining Review. July/August: 125-130.

[31] For more information refer to: Beckley, Thomas M., and Naomi Krogman. 2002. Social consequences of employee/management buy-outs: Two Canadian examples from the forest sector. *Rural Sociology* 67, no. 2: 183-207.

[32] For more information refer to: RCFC Annual Reports and RCFC (http://www.rcfc.bc.ca under historical information link [last accessed on May 15, 2004) and Revelstoke's (http://www.cityofrevelstoke.com [last accessed on May 15, 2004) websites.

[33] Ibid. footnote # 31.

Collectively, these six buy-out cases provide a unique opportunity to compare the nature of learning through different time periods, specifically, prior to the buy-out, during buy-out negotiations, during local ownership, and for two cases, after local ownership ceased. Subsequent analysis considered both how and what the community learned from the buy-out (hereafter referred to as community-level learning) and how and what the managers and workers learned as they put a new local company together (hereafter referred to as firm-level learning). Learning was an important factor to facilitate the buy-out and was also an important outcome of local ownership. The themes that emerged address four questions: 1) What was learned? 2) What are the tangible outcomes of community learning? 3) How did learning occur? and 4) What role does context play in community learning?

Nature of Community Learning

The themes related to community learning are presented below and are substantiated with representative quotes[34] from the interviews. The first section focuses on the nature of the learning that occurred as a result of the six local buy-out cases.

Community capacity learning domains: What was learned?

There are two main points regarding what was learned. The first point is that in these cases a variety of people were required to ensure the success of the entire endeavour. No one person had all the necessary information. For example, the woodland workers knew what the forest license was worth and were familiar with the timber resource supply issues, the mill workers knew the condition of the equipment and what would need replacing, the finance managers knew the prices of pulp and/or logs, issues around capitalization, the price of borrowed money, etc. What is key is that all had to impart some of this knowledge to the entire group for the entire group to be able to decide if they should attempt a buy-out. It is not as though they all started from nothing and all learned the same things, but rather, everyone learned something different depending upon their starting place. The first point is that everybody learned about an area that was integral to the buyout, and outside of their regular purview of control.

The second point is that to negotiate the buyouts and maintain local ownership, community members tapped into a variety of community capacity learning domains. For example, during the buy-out negotiations, learning related to ecosystem services, natural resources, and business were mentioned by Meadow Lake respondents, while Revelstoke respondents mentioned learning related to natural resources, sense of place and the integration across the domains. This means that the buy-out negotiations and local ownership in and of themselves did not necessarily draw upon all domains of learning.

The learning related to **business and natural resource domains** of community capacity focused primarily on content oriented learning. At the firm level, many Kapusaking, Meadow Lake, and Pine Falls respondents mentioned learning related to business (which falls within Hart's Built Capital domain) gained both during buy-out negotiations and during local ownership. As one Kapuskasing respondent stated "it's been a learning experience for a lot of people… having shares and stock; … even being employee-owned." In Meadow Lake, examples of community level awareness of business were discussed as positive benefits of local ownership.

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[34] French quotes are followed by English translations or paraphrasing. The French quotes are included, rather than solely the English translation in order to capture the original voices of the respondents.

> *Sort of exciting, also very, what shall we say...a little unsure, because you know we were just learning, we didn't know the forest industry very well, we didn't know how to run a mill.* [Meadow Lake Respondent]

> *I think it was something we also had to learn, running a logging company and also being part of a mill. So it was quite an experience, actually. But I think it's proven it's worked.* [Meadow Lake Respondent]

> *Yes, a whole growing, mentality process, the whole language thing. Nobody knew what return on investment was at the time, because no one was really ever trained for that, they never had to work with it. Now, they just ask, 'what's the return, how long is it going to take, 10 years, 20 years? 20 years is too long.'* [Meadow Lake Respondent]

Respondents from both Meadow Lake and Revelstoke highlighted learning related to the forest industry (as an example of the natural resource domain), particularly with respect to the relation between forest health and forestry practices. This learning occurred both during the buy-out negotiations and during local ownership.

> *In that time, I learned a great deal about forestry and about the industry, not so much about the business end, [but] about what happens in the forest, what the animals need, what animals did what, etc.* [Revelstoke Respondent].

> *…we are getting better at silviculture. So we've learned how to be better at reforestation in high elevation areas. So, it helps us to log spruce-balsam forests that in the past were quite difficult to reforest. But we're reforesting with different species and selection logging techniques to improve the reforestation success.* [Revelstoke Respondent]

In addition, the acquisition of knowledge related to business and natural resource learning, community learning focused in part on functioning effectively at a collective level. The importance of this is seen though the emphasis on **social learning** (i.e., learning to work together towards a collective goal). The ability to build social capacity through the local buy-outs and local ownership stemmed in part from redefining relationships, increasing trust between individuals/groups and increasing the desire to work together more frequently. One indicator of the recognition of the collective (social) nature of community learning is that most of the quotes related to learning focused on a collective level rather than an individual level, using "we learned" rather than "I learned."

Less mentioned areas for learning were retraining, sense of place and ecosystem services. Respondents from Sacré-Coeur, Kapuskasing and Revelstoke, however, highlighted learning in the form of training and retraining. This re/training builds human capital; diversifies skills and enables workers to adapt to changing opportunities. Successful local ownership added to the sense of place domain at a community level within Revelstoke and at the firm level in Sacré-Coeur. For example, interview data suggested pride from the successful forest license buy-out is part of Revelstoke's community identity. In Sacré -Couer, the cooperative is a source of pride among the workers. Community learning related to ecosystem services, or more specifically, intrinsic values of the forest ecosystem, was only mentioned in one community. The lack of expression of learning within the ecosystem services domain reflects the buy-out focus on the importance of succeeding as a business in the forestry sector.

In addition to community learning related to specific domains of community capacity, there was recognition by three communities (Meadow Lake, Revelstoke and Sacré-Coeur) of learning related to effectively balance at least two or more of the specific domains. The following two quotes are examples of an awareness of the difficulty to integrate learning across domains, and make tradeoffs among different domains.

> *It's a real challenge, and generally speaking when you mix the objectives, the business fails. And it's one of the harder lessons we've ever had to learn. Because we've had businesses where we've had employment as the main objective, [where]…it doesn't matter if we don't make much money as long as we are creating jobs. Well the next thing you know, you've lost a lot of money and you lose the jobs too. And so the best way to maintain the jobs and the social objectives is to have a successful, healthy business.*
>
> *[Meadow Lake Respondent]*

> *Well, there is an ongoing tension between the business objectives of NorSask and the political and social aspects...ahh, objectives of the communities. There's no doubt, there's an ongoing challenge, and I guess there are no magic answers to that.*
>
> *[Meadow Lake Respondent]*

These examples highlight the types of learning obtained as a result of negotiating the local buy-outs and the subsequent local ownership. In general, in-depth learning occurred in certain key domains, specifically, social learning and business learning, reflecting how local buyouts fostered adaptive learning about the challenges to concurrently meet social and business objectives in a collective enterprise, and considered perspectives of partners that heretofore had not been considered. Another form of evidence that learning took place is in the group-recognized outcomes.

Outcomes of community learning: What are the recognised outcomes of learning?

In addition to an enhancement of community capacity, the local buy-outs and local ownership perpetuated learning through space and time, as communities were willing and able to transfer their knowledge elsewhere. At the community level, this sharing of learning is another outcome of community learning. In Revelstoke, the process of negotiating the buy-out, of working collectively towards a common goal was transferred to other community endeavours.

> *So the spin-off of the experience of getting organised to make the forest corporation happen and [to then] successfully [continue] even beyond what they expected, as I keep quoting the fact that they [Revelstoke Community Forestry Corporation] did even better than the rest of the BC [British Columbia] forest industry last yea;, [this accomplishment] has set a certain tone for how we get organised in this community.*
>
> *[Revelstoke Respondent]*

> *There was a greater sense of [community] involvement and direct participation [after the buy-out].* *[Revelstoke Respondent]*

Pine Falls and Kapuskasing are the two cases where a comparison of the outcomes of learning after 'local' ownership could be assessed, as they were both bought out by Tembec, a larger company, after four years in Pine Falls and after six years in Kapuskasing. Given that Tembec was directly involved in one of the buy-outs and had its own start from a local buy-out, it appears that the atmosphere for learning continued in both of these cases, at least at the firm level.

> *I think as Tembec said earlier, change is going to take a long time but as long as people are committed to go in that direction [towards change] and over time as you replace managers, as you train employees, that you follow that process [of commitment to involvement], over and over and over and reinforce, reinforce, reinforce [instilling a sense of belonging], that in the end that is what people want. People want a sense of belonging…*
> *[Kapuskasing Respondent]*

The opportunity to share their experiences with others, including communities facing potential mill closures, indicates a sharing at the firm level. In Pine Falls, a respondent commented, "We've actually had other people contact us since [the buy-out]."

At the community level, it is important to recognise that social learning can leave long term impacts. In Pine Falls, the buy-out was seen to facilitate improved relationships between town members and a nearby Aboriginal community. Increased intra-community trust and respect, particularly among the environmental non governmental organization members and the forest industry leaders, were also outcomes and reinforcements to social learning. Another important outcome at the firm level was in a greater interest in equity between a dominant and minority group. For example, in Meadow Lake, mill managers and employees recognized a need to encourage native employment in the forest industry, countering Aboriginal exclusionary practices of the past. Rather than seeing Aboriginal ownership as simply a threat to non-Aboriginal employment, there was recognition by the non-Aboriginal interviewees that Aboriginal ownership is desirable for Native and non-Native community members.

Shifts in approaches and in attitudes (i.e., context-oriented social learning) became apparent at the firm-level.

> *Mais il reste que si on parle de la majorité des travailleurs et personnes locales, ils ont changé beaucoup leur façon de voir.*
> *<Translation: But it remains that if we speak about the majority of workers and local persons, they changed their way of looking at things a lot.>* *[Sacré-Coeur Respondent]*

The above respondent is referring to mill workers, managers, and other local persons' increased ability to work together toward a common goal, transcending former divisions, especially between workers and managers. One Pine Falls Respondent commented "…that's probably where we [the mill management] spent more of our time [during local ownership], trying to build relationships." Whether the long-term consequences of local ownership are sustained or not, the social learning that occurs through buy-out processes increases the ability of people to work together in future endeavours. Now I turn to how this learning occurred within the six local buy-out cases.

Mechanism for learning: How did learning occur?

Experiential learning, or learning-by-doing in an informal setting, was the primary mechanism through which learning occurred in the six cases. Experiential learning occurred through impromptu meetings among community experts on financial planning, forest management and mill management. It occurred through coffee house chats among community members who sought out additional information on successful buy-outs elsewhere. It occurred through union meetings on the make or break status of the mill where labour costs played a major role. Hence, experiential learning was situated directly within the context of the local buy-out and local ownership, particularly through direct involvement. The following quotes show the dominance of this learning-by-doing and the importance of the context of the local buy-outs within which this learning occurred.

> *I mean it's easy to look at it today and say why didn't you see that back then, but keep in mind that none of us, none of us, had ever been to this level in the corporate world ever.... We learned a hell of a lot and our hands were tied because he, [referring to the original owner] took the position that we couldn't hire any expertise, we had to do this on our own...*
>
> *[Kapuskasing Respondent, referring to the time during buy-out negotiations]*

> *You had to do everything yourself, so you had to do your own things. You didn't have other people to go and negotiate with government or negotiate with SERM [Saskatchewan Environment and Resource Management, a government agency overseeing forest management plans] over issues; you had to do it yourself. You took on a bigger role. [We] learned to run the whole business and not just part of it. Some things would before be set in stone and "this is how you do it," no change. [Now,] you look for opportunities to change to make it better."*
>
> *[Meadow Lake Respondent, referring to the time during local ownership]*

> *When you want to do something, you can do something. When people decided to go on the moon, they didn't know all the problems they would face. Except that as they progress they had the capacity to define these problems and then find solutions. So this is what happened [with the Temiscaming buy-out].* *[Temiscaming Respondent]*

> *As we learn more about what's out there in the forest, suddenly [you] discover some obscure little creature that nobody has really paid much attention to, [and you realise] it is being affected by your operations. So you have to modify your operations [to reflect this new learning].* *[Revelstoke Respondent referring to the time during local ownership]*

> *Avec le temps on a apprivoisé les travailleurs aussi puis on les a responsabilisé en leur disant de se constituer en coopérative. Donc on a formé des équipes de travail pour permettre à nos gens d'apprendre à travailler, à se faire confiance et à élever leur niveau d'engagement et de responsabilité. Ils était là historiquement pour travailler et revendiquer. Là ils étaient là pour travailler mais à assumer d'une façon solidaire et co-responsable*

> *d'autres engagements, ceux qui consistent à s'impliquer pour assurer leur avenir financier et leur avenir social…*
> *<Translation: With time, we disciplined the workers also and we empowered them by telling them to create a cooperative. Thus we formed teams of workers to allow our people to learn to work, to trust each other and to increase their level of commitment and responsibility. Historically they were there to work and make claims. Now they were there to work but to engage in a united way and be co-responsible for other commitments: to get involved to ensure their financial and social future.>*
> *[Sacré-Coeur Respondent]*

The secondary mechanism by which learning occurred is through sharing. Learning through sharing was facilitated in a variety of ways, including increased opportunities to interact and opportunities to take unfamiliar tasks. Accounts of *learning-by-sharing* are illustrated through a number of quotes below.

> *People who chose to go on the Board were extremely, extremely patient. They wanted it to work and they would explain things …it was a learning process because they wanted us to truly be involved in that process.* *[Kapuskasing Respondent]*

> *La formule était changée et les relations de travail en sont venues à être meilleures parce que meilleurs discussions, les travailleurs était plus écoutés. Comme là, là ils prenaient plus les suggestions des gens qui travaillent. Des fois quand tu travailles, tu peux faire des suggestions qui sont très bonnes. Y se sentaient plus écouter, ça aussi ç'a aidait.*
> *<Translation: It was a different framework and work relations became better because of improved discussions; the workers were heard. For example, they would take more suggestions from the workers. Sometimes when you work, you can make suggestions that are very good. They felt listened to, so this also helped [encourage involvement in company decisions].>* *[Sacré-Coeur Respondent]*

Learning-by-doing was likely inhibited by company leadership that historically made decisions autocratically. A top down-decision making structure that existed prior to the buy-outs within communities like Temiscaming and Kapuskasing was perceived to limit the firm's and community's ability to adapt to change after the buy-out. A Temiscaming respondent described the relationship as "paternal, extremely paternal" and a Kapuskasing respondent noted that "…the company was always seen as Uncle Spruce, they would always take care of you, I mean this was a company built back in the 20s and they took care of you." The corporate culture in Pine Falls reinforced employee expectations that the company can "fix the problems" of the firm, and Pine Falls employees were less accepting of change following the buy-out than I found in the other cases. The following quotes highlight examples of this corporate socialisation at the firm level.

> *…you had a certain job to do and you did it, and you didn't start getting on your own personal philosophies, your own particular philosophy wasn't allowed to [show], you had to tow the company line, the company had a certain way of doing things and you did it their way.....I would say that you were trained to act in a certain way…*
> *[Pine Falls Respondent]*

> *…management here they were raised and trained under an Abitibi style of operation [company has a rigid top-down structure]… And they never changed.*
> *[Pine Falls Respondent]*

During local ownership, learning-by-doing represented an entrée to a new corporate culture that welcomed employee involvement and accumulated wisdom in corporate decisions.

> *They made sure, they [Tembec] invested some money [into a] whole new working concept and everybody sort of worked together… [Tembec also took]…a different approach of the maintenance group… now it's multi-trade*[35] *so everybody sort of pitches in, [to] save money, [to be] more efficient…* *[Kapuskasing Respondent]*

> *Nous on leur présentait une façon très différente de faire les choses et d'assumer eux-mêmes leur propres responsabilités en essayant respectueusement de les persuader qu'ils étaient capables de le faire et que ça leur appartenait de le faire. Ça a pris un certain temps, il a fallu animer ça et maintenir le dialogue avant de créer un climat de confiance parce que quand on a des doutes, on peut pas cesser du jour au lendemain d'en avoir, on en a eu toute notre vie. Hein.*
> *<Translation: We [the management] presented them with a very different way of doing things, of assuming their own [the workers'] responsibility, and tried respectfully to convince them that they had the capacity to do it and that it belonged to them to do it. It took a certain time; we had to lead this and maintain a dialogue before creating trust because when you [referring to the workers] have doubts, you don't stop having doubts overnight, you had them all your life.>* *[Sacré-Coeur Respondent]*

Learning-by-doing focuses on the present; learning-by-sharing focuses on the past and the future. Continuity of learning (past sharing) and learning transference (future sharing) apply learning to other endeavours. The company responsible for managing the newly formed company in the Kapuskasing case was Tembec. Tembec's prior knowledge on local buy-outs was seen as crucial as the buy-out was negotiated and demonstrated value in experiential knowledge, or learning-by-doing, and learning-by-sharing. The importance of this was expressed by a Kapuskasing respondent "Tembec brought in …someone who's gone through this before which is very important."

Respondents showed pride in the transfer of their own learning to other places, through sharing their vision, experiences, and domain knowledge with other community leaders who sought them out. One example follows:

> *We had people from Quebec come out and they specifically wanted to learn about the Forest Corporation. And there was also people from Valemont BC, North of us. [RCFC staff] took us through the tree farm licence… I mean talk about community commitment, spreading the word about how it can work. … It was that kind of sharing.*
> *[Revelstoke Respondent]*

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[35] A focus on multi-trade meant that the company paid for tradespeople seeking re-training in another trade to gain that training.

In summary, learning-by-doing and learning-by-sharing were demonstrated in all of the buy-outs, but even more so when past paternalistic corporate cultures were not present, pointing to the importance of contextual factors in setting the stage for learning.

Context for community learning

The buy-out goal prompted learning in each of these communities but learning did not take place in a vacuum. Contextual factors included prior experiences, prior learning or tacit knowledge. The structure of ownership itself invited different kinds of learning. For example, a culture of dependence and hierarchical decision-making appeared to impede social learning, whereas a greater variety of ownership structures and more inclusive ownership structures fostered a sense of belonging and familiarity with risk that facilitated social learning.

Within Meadow Lake, Revelstoke and Sacré-Coeur, prior experiences primed the communities to look for opportunities to regain control. For example, Revelstoke was a community caught in the boom and bust cycle of typical resource industries. Mega construction projects including the construction of a few dams in the region were part of a pattern of extra-local temporary development activities that impacted Revelstoke.

> *[These examples of extra-local development] went into collective memory, as I call it, of the community… So as a community, we've had to deal with [the unemployment, social assistance needs that resulted] as a fall-out from these mega projects. So again, I think what was learned from this cycle is that [there's a] great economic boom when you're building something, but when it floods and covers all your land up, there's a huge cost in the long term [Referring to a dam built near the community]. So as a community we understand that [cycle and the long term consequences].* *[Revelstoke Respondent]*

In addition, community leaders' prior learning was mentioned as important in negotiating the buy-out in Revelstoke. One respondent mentioned "it took every bit of energy and knowledge and skill… that I had learned in 25 years of business to put this [buy-out] together." In Sacré-Coeur, one of the outcomes of the closure of a bankrupt sawmill in the 1920's was an initial experimentation with cooperatives. Over the years a series of experiences with various cooperative ventures (from agricultural coops, to financial coops, to forestry coops) set the stage to undertake the sawmill buy-out.

> *Et fort de ces petites réussites…ça a permis à nos gens d'apprendre que c'était possible de faire des choses puis surtout de croire en eux, de croire en leur force, de se faire confiance. Puis ça nous a permis de voir un peu plus grand, de regarder plus haut, de fixer la barre un peu plus élevée en terme de cheminement.*
> *<Translation: And building on these little successes… allowed our people to learn that it was possible to do things and most of all to believe in themselves, to believe in their forces, to have self confidence. Then that allowed us to see a little bit bigger, to look farther, to set our expectations a bit higher in terms of progress.>* *[Sacré-Coeur Respondent]*

The perceived opportunity or crisis sparked motivation to seek knowledge and skills required for the buy-outs. This motivation for learning was different across the communities. In communities such as Pine Falls, Kapuskasing, and Temiscaming it was crisis-induced, where learning became imperative, given the sense of urgency and threat of becoming a ghost town if the buy-out fell through. The following quotes provide a sense of the perceived crisis that motivated individuals from Kapuskasing to come together, to acquire the skills and the knowledge to save their town.

> *It was a bad time, it was a very bad time. It was a high. We were all working on adrenaline, sheer adrenaline, it really brought us close together, especially when the deal between, where the province announced there's no way that we can strike an arrangement here, and then the community came on board and said 'no way[we won't let our town die]' and everybody became involved. Before that, you weren't really involved. It was a few key people that were making all the decisions and they were disseminating only as much information as they thought was necessary to a situation where it was the opposite. It was the man on the street that was directing his or her future...There were spontaneous meetings on street corners and everybody had a stake and everybody was involved.*
> *[Kapuskasing Respondent]*

> *Well, the people came together when this developed, in a crisis. They came together and they stayed together after, that you could see.* *[Kapuskasing Respondent]*

For other communities, that had varied experiences with different ownership structures, such as Meadow Lake, Revelstoke and Sacré-Coeur a broader community commitment and vision to increase local control initiated new learning. For some, this motivation was tied to a desire to remain in the familiar. For example, in Revelstoke, many middle-aged employees in the mill pursued opportunities within the forest industry to continue their careers and avoid the demands of retraining. The promotion of forestry, as opposed to another industry, ensured that they could use their existing skills-set and maintain their sense of identity.

> *There was a feeling of optimism for those working there, that they would have a job into the future. And that was important to people around the age of forty or... forty-five who didn't really know what else they would do. And at that age [of 40-45 years, they] weren't really prepared to try and learn something else. They wanted to do something that they had been doing, something they were pretty good at.* *[Revelstoke Respondent]*

The motivation to learn was clearly dependent on how an individual engaged in new learning opportunities. For example, those persons highly motivated reportedly sought information at informal meetings among buy-out organizers, attended after hour meetings on the share ownership program and disseminated information to fellow workers and community members. Alternatively, some employees exhibited a resistance to learn, especially in terms of the share ownership program. The logic of investing in shares and compound interest was not fully understood by some of the shareholding employees, and by several accounts these same employees sold their shares for a small loan from a friend, or even a pack of beer, speculating that the shares were useless.

> *Because of the ignorance, lack of knowledge that these people had, I'm talking the workers, they're not interested in learning it. 'Like give me my wages at the end of the day, I'm going to go pick up a case of beer, I'm out of here it's party time.' What about the shares? 'Ah, who cares about the shares?'* *[Pine Falls Respondent]*

Motivation to learn in these cases originated from crisis and opportunity; and enhanced motivation was strongly associated with a prior work culture of interdependence and an inclusive, participatory decision-making structure (as more likely experienced in cooperatives) and prior negative experiences with extra-local developers. These contextual factors emerged as important during different phases of the buy-outs, and varied at the firm- and community-level, demonstrating the importance of context for community learning, particularly social learning, in these case study communities.

Building Community Capacity through Social Learning

Little is understood about various contexts in which social learning emerges as an outcome of another phenomenon, and more specifically, contributes to community capacity. This study reinforced that social learning is mediated by the context of social relations (Gherardi 2001) and is a process by which social relations change and relationships are built; therefore, social learning is a collective process. This collective process is highly influenced by the history and frequency of human interaction within a particular setting. This study reinforced a two-component notion of social learning (Fien and Skoien 2002): an attitude component, where one learns to trust and respect others, and an action component, whereby that social learning is largely informed by the experiential learning and sharing among fellow workers and community members. Each buy-out was unique in its structure and so learning-by-doing was key. Social learning emerged as an important process whereby individuals and communities acquired the attitude and action required to work collectively to achieve a collective goal between managers, workers, and community members, i.e., secure the mill/forest license and to maintain local ownership.

Overall, I found community learning thus more dependent on context than content. This is consistent with 'collective action' literature, which emphasizes the importance density and concentration of social networks plays in collective action, often manifested in a collective identity (Castells 2004; Polletta and Jasper 2001). Collective action theory suggests that in the absence of collective identities, collective action such as local buyouts, are unlikely to occur. In forest dependent communities, such as the communities selected for this study, such collective identity existed around the community as a "timber town", populated with hardy workers and their families, and others who benefit from the success of the forest local companies. However, collective action theory also suggests that prior social cohesion increases group propensity toward collective action (Marwell and Oliver 1993; Oberschall 1973; Polletta and Jasper 2001) yet for these particular six cases, Krogman et al (2002) found that social cohesion was not a prerequisite to collective action across all six cases. These findings are somewhat consistent though with literature found in the sociology of natural disasters(Erikson 1994), where common threats to collective well-being, in this case, a withdrawal of the major employer in a town (as opposed to the aftermath of a hurricane or tornado), initiates successful collective action.

The buyout provided the context for social ties to form across groups (i.e., industry and community) and individuals (i.e., management and workers) that typically did not cooperate to achieve a local collective action. Finally, as suggested in collective action theory (Marwell, Oliver, and Prahl 1988), leaders possessing social skills, defined as the ability to analyse and attain cooperation to act collectively (Fligstein 2001), were instrumental in the success of all six local buyouts (Nadeau et al. 2003). Each of the leaders encouraged learning among workers, owners, and community members, and the importance of learning by doing.

Thus, the context for social learning was ripened in the above six cases by collective identities, the threat of a widespread loss or missed opportunity for employment, and leadership that embraced cooperation and non-hierarchical participation in a collective effort.

Conclusion

> *You can make your own mistakes and nobody is going to correct it for you, number one. And you learn and you're the one that's calling the shots. There's a certain amount of risk, political and financial risk. And you can't go cry out to the outside government and say help us out, that's not the case here. Local ownership is like that, but also I think a lot of it is very educational, very ahmm, shall we say, gives a sense of empowerment to a lot of the local people... It's right in front of you. It's not like it's distant. It's in your backyard. So, you're sort of in the drivers' seat, all the time.* *[Meadow Lake Respondent]*

In conclusion, our cases illustrate the importance of learning in the context of local ownership. This paper focused on community learning, i.e., attitudes, skills and knowledge acquired through collective processes, with a special emphasis on social learning, or learning to work together, as a latent social benefit rather than an explicit goal of the buy-outs. This study revealed four key lessons about community learning around local ownership.

Lesson 1: In the context of local buy-out efforts, community members were most likely to learn most in the domains of business and natural resources, and moreover, learn how to work together, divide the tasks according to the tacit and experiential knowledge of various members, and share the risk, all of which I encompass in social learning. Difficult compromises, often hidden from their view in past ownership arrangements, taught community members the difficulty of managing a business to benefit the entire community.

Social learning was the most important type of learning for building community capacity in these buy-out cases. Rural sociologists have paid considerable attention to social capital and local capacity as important elements for community development. Less attention has been paid to the role of learning to build social capital, and the differential qualities of learning as an important predictor for which communities are more likely to organize and act toward community-led goals. Whether the long-term benefits of local ownership have been sustained or not, social learning was enhanced through buy-out processes, and reportedly improved collaborative relationships to address subsequent community level challenges.

Lesson 2: Community learning was transferred to other community endeavours whether or not local ownership continued over time. In addition, community learning is perpetuated through space and time when communities willingly transfer their experiences to other contexts. Divisions or resentments between workers, managers and community members were generally lessened through the collective effort to buy out the mills or forest license.

Lesson 3: Learning was most likely to occur through experiential learning, or learning by doing. Experiential learning tapped into and nurtured the latent capacities of individuals and groups. Community members drew upon local sources of capital (economic, human/social, and natural) and used these forms of capital to strategically network, negotiate and organize. Community capacity building that occurs through collaborative experiential learning is an important seed for community sustainability because it renews groups' sense of self-reliance and adaptability to change.

Lesson 4: The context for learning has implications for community learning. Motivators for learning within the local buy-out/ownership context included prior experiences, prior learning, and/or perceived crisis or opportunities. The nature of past and proposed local ownership (i.e., type and motivation) influenced *how* learning occurred, given a greater diversity of collective experiences in the community, with either unsatisfactory external owners, or instructive local ownership experiments provided more local experiential knowledge from which to draw. The old adage, 'necessity is the mother of invention" is consistent with our findings, given I found communities members learnt best when they most needed to learn, or reported being at a critical 'turning point" for their community's future. A previous culture of hierarchical decision-making can impede social learning, whereas firms that were developed in a town that experienced a mix of ownership structures lead to a greater sense of 'we can own and manage this ourselves.'

The field of sociology has increasingly turned to theories that address the nexus between the structural constraints and opportunities inherent in a place and the processes of interaction, organization, and redefinition of place reflected through human agency. Post-modern critiques of deterministic explanations of social outcomes call for a closer examination of how groups learn, adapt, experiment, and share experiences with others to shape their future. Community learning is a concept that can elucidate this nexus between structural change and human agency and be of special use to academic understandings of rural change, where context, more than content, may drive such learning. Future research on community learning could contribute to a greater explanation of the contexts in which rural social movements and site-specific political and economic organizations are designed and managed by community members to reach collective goals.

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Chapter 5 : Conclusion

Communities face a number of options when their mills are up for sale including to diversify into other industries, relocate, convince the government to but the mill, accept whatever an outside buyer is willing to take the risk or even buy the mill themselves, to name a few. On one hand, the initiation of the local buy-outs seems to counter the dominant forces of reliance on an outside corporation to fuel rural employment, and on the other hand, the resulting companies are very much embedded within these dominant forces and are limited in the degree to which they can do things differently than large outside corporations. All six new companies were managed within a business approach with an explicit profit motive where competent business and labour management was viewed as critical to the viability of the venture (Beckley 1998). Though there is much cynicism about whether the corporate business approach can address broader social and ecological goals (Hawken 1994; Korten 2001; Shiva 1993) these six cases reveal it was possible to meet at least some ecological and social benefits of local ownership through this approach (Krogman et al. 2002).

The three papers provide support for the hypothesis that community sustainability is a step closer via local buy-out initiatives. This is achieved through increased local governance and accountability, innovative social and ecological approaches to management and by a greater distribution of benefits (social justice) that occurs while initiating and maintaining local buy-outs. The ownership paper (chapter 2) used six local buy-out cases to compare the experiences in these communities against theorized conceptualizations of local ownership, in order to explore the relationship between local ownership and community sustainability. The social impacts paper (chapter 3) used two specific forms of local ownership (owning a mill plus forest license versus only owning a forest license) to compare the specific benefits of forming one type of local ownership, community corporations, as opposed to absentee ownership. The learning paper (chapter 4) used all six case studies to examine the nature of community learning, as one key benefit of local ownership that had emerged from the buyouts. Hence the ownership paper focused on the theory of local ownership, the social benefits paper focused on the benefits of community-based types of local ownership and the learning paper singled out a specific, often overlooked, benefit of local ownership.

Case study research lends itself to exploring case study data in different ways. The first paper is primarily theoretical, the second paper uses primarily a data deductive approach, and the third is comparison between the cases using a data inductive approach. The theoretical analysis enables comparison of the six cases on a number of dimensions of local ownership. A number of social indicators suggested by the literature are compared to the two cases in the second paper. The third paper compares all six cases on a specific variable, community learning, which emerged from analysis of the six case studies.

Summaries

The research objectives or questions, key findings and implication for local ownership literature for the three research papers are summarized below. The ownership paper (chapter two) addressed two main research questions: 1) How does the nature of local ownership interact with the social consequences of local ownership? and 2) What are the implications of the varying distinctions of local ownership for community sustainability? Analysis of the six cases reveals that local ownership is a more complex concept than many sociologists have considered in the past. Benefits of local ownership vary based on the nature of local ownership. Within the forest sector, the meaning of local ownership and community resilience vary depending upon the composition (e.g., private vs. public and mill vs. forest license vs. coupled mill & forest license), type (social, cooperative, trust and/or direct share ownership), extent of ownership (percentage of local versus extra-local shares), and the level of control (e.g., proportion of locally held seats on the Board of Directors) associated with ownership. These distinctions of local ownership may enhance or detract from community resilience although each of local buy-out cases offer some level of community resilience. Many factors can limit community resilience that a local community obtains through local ownership, such as the inclusiveness of the ownership structure across community members (i.e., direct share ownership versus social ownership), and the proportion of local decision-makers in the local ownership structure (i.e., number of locals on the Board of Directors). The findings indicate the importance of identifying the nature of local ownership to assess the social impacts of local ownership on community sustainability.

The social impacts paper (chapter three) addressed one main research question: What are the benefits of community corporations, as one type of local ownership in comparison to absentee ownership? This analysis revealed that equivalent potential for socio-economic benefits were realised for both cases. In addition, both cases provided limited sustainability benefits because of Crown control over the resource and susceptibility to the vagaries of global markets. These external contexts limit the extent local control can be exerted over the local resource. Thus, in the community corporation cases, socio-economic benefits of local ownership were more visible and guarded by local owners than socio-ecological benefits. The mixed nature of social, socio-ecological, and broader sustainability impacts accompanying these community corporations suggests that operating within what Paul Hawken (1994) calls a corporate capitalist economic system (as opposed to a restorative or market economic system) may then be more important than whether the company is locally owned or not. The distribution of ownership may allow for greater sharing of a company's profits, but workplace atmosphere and the sustainability impacts may be more a function of the goals of the company per se and the broader social milieu in which they operate, than if the company is locally owned or not.

The learning paper (chapter four) addressed two main research questions: 1) What is the nature of the community learning achieved through local buy-outs? and 2) How does the context of local ownership build community capacity through community learning? These questions addressed learning prior to local ownership, during buy-out negotiations, during local ownership, and after local ownership. In-depth learning occurred in certain key domains, specifically, social learning and business learning. The findings also indicate that people learn best when people most need to learn. Crisis-motivated learning focused on maintaining the status quo, whereas, opportunity-motivated learning focused on facilitating community change. Community learning was transferred to other community endeavours whether or not local ownership continued over time. This learning is perpetuated through space and time, when communities willingly transfer their experiences to other contexts. Learning was most likely to occur through experiential learning, or learning by doing. In addition, the context for learning matters. For example, motivators for learning within the local buy-out/ownership context included prior experiences, prior learning, and/or perceived crisis or opportunities. The nature of past and proposed local ownership (i.e., form, type, motivation) influenced how learning occurred, given a greater diversity of collective experiences in the community, with either unsatisfactory external owners, or instructive local ownership experiments, provided more local experiential knowledge from which to draw. Community learning, as a concept, can help us understand the overlap between structural change and human agency and be of special use to academic understandings of rural change, where context, more than content, may drive such learning.

Collectively, the six buy-out cases and these three papers show the relationship between ownership and community sustainability as depicted in Figure 5-1. Features of ownership that impact community well-being, capacity and resilience include the form, type and extent of ownership as well as the level of local control associated with that ownership. The first paper (chapter 2) shows that increasing local control increases community sustainability via increased community resilience. The second paper (chapter 3) shows that of all the possible social benefits of local ownership through the buyouts, across all the cases the social and socio-economic benefits were the most consistent benefits that contributed to community sustainability through increased community well-being. I argue that this is in part because of the nature of the buyouts as primarily business ventures at a community level. The third paper (Chapter 4) shows us that community learning increases community sustainability through increased community capacity, and that regardless of achieving sustained local ownership, the social learning that occurred through the buy-out processes increased community capacity. The three papers also show that the benefits, community learning and extent of local control have implications on the structure of local ownership, so the relationship between ownership and sustainability is dynamic rather than linear.

Policy Implications

Based on this dissertation, I present a few policy implications, particularly with respect to funding rural and remote community development. Government policies need to be more than reactions to crisis. Policies are more likely to help communities if they create opportunities from crisis, by going beyond simply mitigating the negative consequences of the crisis, such that they increase community capacity, community well-being and community resilience are more likely in the long run to foster sustainable communities. Corporate policies that embrace a triple bottom line also have greater potential to contribute to their community's sustainability, particularly if forest sector markets are "re-engineered so that price and other signals encourage progress towards sustainability (Elkington 1998:61). Government policies should provide incentives for corporate practices to embrace and be accountable for triple bottom lines. For example, business tax breaks and corporate subsidies could be tied to triple bottom-line accounting. Alternatively, introducing a requirement for a triple bottom line accounting system within the Canada Business Corporations Act would change the emphasis of corporations from a single to a triple bottom line. In addition, government policies could help communities create opportunities beyond crisis. Policies or programs that make it easier for communities to obtain bank loans, have shared liability with the government, get special tax breaks for making ecological goals part of their basic functioning, and create or increase the availability of alternative forest tenures (such as community forest tenures), are some examples.

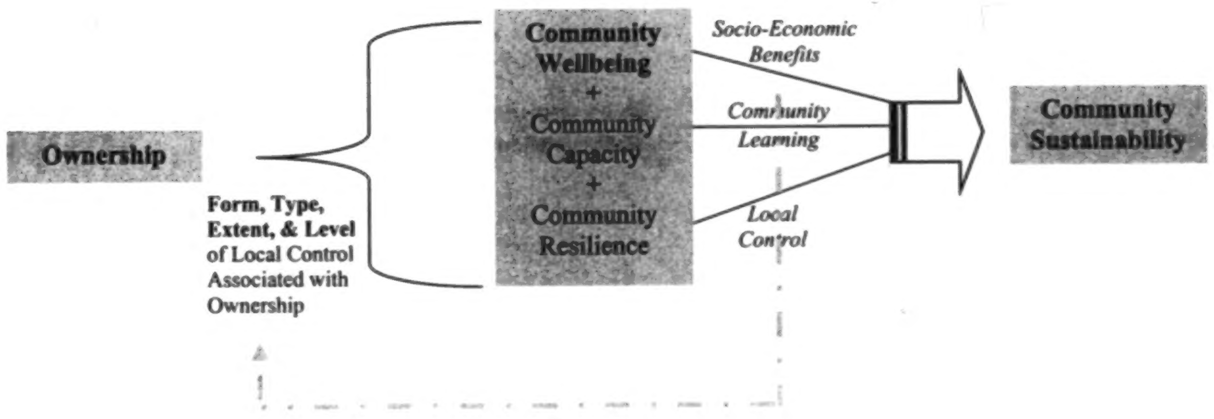
Ownership
Form, Type, Extent, & Level of Local Control Associated with Ownership
Community Wellbeing
+
Community Capacity
+
Community Resilience
Socio-Economic Benefits
Community Learning
Local Control
Community Sustainability

Figure 5-1: Relationship between Ownership and Community Sustainability

Future Research

This dissertation opens up a number of possible avenues for future research. In chapter 3 I suggested that a number of features of local ownership may be more important than local ownership itself. This leads to the following question "Can absentee companies play a critical role in contributing to community well-being, community-capacity and community resilience by focusing on a triple bottom line" What advantages and disadvantages do locally owned companies have over absentee companies to achieve these goals?" As mentioned at the end of that chapter, a comparison of a non-local socially responsible corporation with a community corporation may tease out the importance of local ownership as part of community sustainability. Such a comparison could also be made by assessing buyouts in manufacturing and service industries, where there are more examples to draw from. In addition, this research project focused on local ownership of forest industry corporations. A comparison of local ownership within the other resource industries, such as energy sector and agricultural sector, may help tease out whether the nature of the resource itself has an impact on the benefits a rural or remote community may yield through local ownership. Another line of research would be to test mixtures of ownership structures (both at a community level and at a firm level) to assess whether mixed ownership structures would ultimately be more resilient than local or extra-local ownership. At the community level, one question might be "Can place-based and non-place based ownership be mixed (i.e., diversity of ownership structures) within a rural community to mitigate negative impacts of globalisation while taking advantage of the positive benefits of globalisation? Future research on community learning could contribute to a greater explanation of the contexts in which rural social movements and site-specific political and economic organizations are designed and managed by community members to reach collective goals.

Concluding Comment

Rural Sociology as a subdiscipline of sociology has generally ignored the role of alternative ownership structures in rural community social change, yet my papers reveal these ownership arrangements heavily influenced the daily lives of people and the opportunity structures around them, in six forested communities of Canada. Perhaps it is time sociologists take the role of economic arrangements more seriously when they examine such topics like social capital, community sustainability, and rural resilience in the face of globalization. This dissertation reflects a move in that direction, about the potential for collective ownership with a business imperative to contribute to small town sustainability.

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Appendix A : Reflections on Methods

This appendix provides a more detailed account and reflection of the methods undertaken to collect the data used within the dissertation. This appendix is broken down into a number of categories. Subsequent appendices provide supporting documentation.

The Team Approach

This dissertation ensued from a larger research project involving four researchers in total. The team approach has a number of advantages and a few disadvantages. Collaboration enabled us to collect information on six cases in detail and within a shorter period of time than would be the case if only one researcher attempted all six cases. Collaboration was facilitated through team meetings held in Edmonton, Alberta, Fredericton, New Brunswick, and Indiana, Minneapolis as well as communication over email. As the most junior researcher of the four, I found it was also an opportunity to develop professionally. Different researchers approach research in different ways, and so collaboration enabled greater appreciation and exposure to different styles of research approaches. In addition, collaboration enabled each of us to contribute to joint research papers. A few disadvantages of the case study and multiple research approach include less control over the overall research design. For example, I was not directly involved in selecting the cases nor in designing the initial interview guide template. In addition, multiple researchers lead to less familiarity with cases of which one is not involved. In addition, the temporal and geographical spread constrained follow-up to pursue emergent themes that came out of the latter interviews that were not explicitly addressed within the first set of interviews.

Ethics

This study was approved by the Faculty of Agriculture, Forestry and Home Economics research ethics board. The study for the first two pilot cases (Pine Falls and Kapuskasing) was approved in the spring of 1998 and approval for the subsequent four cases was given in the spring of 2000. Each participant was provided an information sheet about the project and we obtained a signed consent form for each interview. See Appendix D for a sample of the information sheet and consent form used in the BC and AB cases]. We asked our respondents permission to use the contents of the interview in our research findings, and explained that we will refer to respondents in our documents in a manner than ensured complete anonymity. During the interview, respondents were free to Additionally, we numbered our interview notes and transcriptions and removed all names, and the transcript data was only accessible to Dr. Krogman, Dr. Beckley, Solange Nadeau, and Jeji Varghese.

Fieldwork

The fieldwork was essentially conducted in pairs. Drs. Krogman and Beckley conducted interviews in Pine Falls and Kapuskasing as a part of a pilot project for the larger research study in 1997. In the summer of 2000, Dr. Krogman and I conducted interviews in Revelstoke and I conducted the interviews in Meadow Lake solo. For both Quebec cases, Dr. Nadeau conducted interviews from the fall of 2000 to the fall of 2001, transcribed the interviews and completed the initial coding.

Developing Case Descriptions

Case descriptions for the Meadow Lake, Revelstoke, Sacré-Couer and Temiscaming cases were developed based on the interviews, newspaper, websites and other accounts of the local buyouts. The case descriptions for the Pine Falls and Kapusaking cases were developed during the pilot project. I was involved in summarising newspaper accounts for the Kapusakasing case. Drs. Beckley and Krogman compiled these two case descriptions, Dr. Nadeau compiled the Quebec case descriptions and I compiled the Meadow Lake and Revelstoke cases and updated the other descriptions. Case descriptions are located in Appendix B.

Interview Guide Themes

The interviews were conducted with variations of the interview guide themes found in Appendix C. Some of the questions were targeted at those directly involved in the buy-out negotiations (such as section A); other questions (such as section F) were asked of all participants.

Interviewees Characteristics

Given the small number of individuals involved with the buyouts within each of the communities, interviewee characteristics provided in Table A-1 refer to all six cases. It is necessary to aggregate across the cases in order to maintain confidentiality, as required by the Faculty of Agriculture, Forestry and Home Economics' ethics committee. For a list of other information collected on the respondents, please refer to Appendix E. Those categorised as community include local politicians, community leaders, local industry, local media, politicians, social service agency workers, etc. Management includes mill and forest management. "Other" refers to outsiders to the community, either external expertise or financiers brought in to facilitate the buyouts.

Data Analysis

The primary data comprised of over 700 single spaced pages of interview text. The four researchers on the project worked closely together to develop the interview questions and coding processes so as to make comparisons across each of the six cases on similar dimensions. The interviews were initially coded with the following set of themes, which paralleled the interview guide themes. S. Nadeau coded the Quebec cases and I coded the other four cases. I conducted subsequent coding for this dissertation. For example, the community learning paper involved searches for phrases or comments related to learning. These were initially coded as free nodes. Searches were conducted in both French and English. For the French interviews, the relevant sections related to learning were translated using an online translator and then confirmed by S. Nadeau, who helped fill in the context surrounding the quotes. Subsequent coding of the free nodes revealed differences between the different phases of the buy-out, different scales (firm-level and community-level), what was learned and how that learning took place. An example of the coding tree that was developed is included in Appendix F.

Table A-1: Interviewee Characteristics

Characteristics		Number of Interviews
Representative Groups		
	Community	29
	Management	14
	Union or Workers	15
	Government	1
	Other	2
Role in Buy-out		
	Architect	19
	Negotiator	7
	Worker vested	13
	Other vested	9
	Observer	5
	No role	8
Gender		
	Female	9
	Male	52
Language		
	French	14
	English	47

A grounded approach means that the data drives the research (data inductive), that the theory is developed from the particular and then generalised. The first and last papers are more in line with a grounded approach. In the third (learning) paper, the research question itself emerged from an initial analysis of the data, though the interview questions themselves were more structured in nature. The first (ownership) paper emerged after doing a bit of work on the comparison of all six cases on a number of dimensions. Where I would argue that the work is less grounded is in the initial design of the overall research study. We had set out to determine whether findings from two pilot cases (Kapuskasing and Pine Falls) were consistent across the cases. What we discovered is the number of variations, and it is from these variations that the questions about the interaction between the nature of local ownership and community sustainability came forth. The second paper follows much more of a data deductive approach, where I test a hypothesis that local ownership results in a set of positive benefits anticipated in the literature. Some of the benefits that were analysed, however, came from the data and were then further explored in the literature. As with most qualitative work the work is neither wholly deductive nor inductive, but rather a dance of interplay between the two.

Limitations of Dissertation

One critique of the method chosen for this study is the use of "treatment" cases. It was difficult to find appropriate case studies of 'local buyouts' that failed that I could compare within each province. The inclusion of "control" cases would have helped me make a stronger case about the benefits of local ownership, and allowed a contrast that would have been particularly useful in the second paper. The appropriateness of the use of control cases relates to the goals of my three papers. In the first and third papers my goals were less focused on a comparison between local ownership to non-local ownership and more focused on a comparison of different local ownership structures on community sustainability (paper one) and community learning (paper three). By selecting treatment cases, or those that all experience successful buyouts, and not control cases, those communities which did not carry out buyouts, under similar conditions, I cannot make any statements about the effectiveness of local ownership compared to absentee-owned companies, except to compare past experiences with current experiences. Given my more important goal was to describe the variation between local ownership structures I did not need a control case to do so.

There is a temporal dimension to resilience, and so another limitation of this study is that I cannot speak with sufficient confidence about resiliency in communities in which the buyout has been held for a few years. Case study research does not allow experimental design, where one would ostensibly induce a crisis in a community to provide a before (e.g., the mill threatens to shut down) and after (some resolution is reached regarding the threat) scenario, and then measure resiliency across time. I did, however, examine how the learning from these crises was transferred to other ventures and the self-identified elements of resiliency. It would be interesting to measure resiliency across these communities over time, to see if local ownership structures that persisted, for example, held certain common features in common, either inside or outside the firm. I do know that in the Revelstoke case, RCFC was able to do well, even when others in the province were not doing so well; they were able to withstand some of the pressures of the market, and attributed this prowess to a well thought-out contingency business plan (which was seen as an important investment by RCFC in recognition of the cyclical nature of the forest products markets).

This work draws from a number of data sources. Interviews provide a general chronology of events and were combined with Statistics Canada census data to compare pre-buy-out and post buy-out impacts. One of the difficulties with using census data is that the data is only available for 5 year intervals, so the immediate impacts of buyouts may be confounded by other events within the community.

Another limitation was my limited French. I found that I was quite dependent on my French speaking colleague (S. Nadeau) and friends to ensure that my interpretations from online translations captured the gist of what interviews were speaking to in terms of community learning.

Personal Reflections

In this section, I reflect on how my past experiences contributed to this dissertation and how work I've been involved in since exposed me to alternative approaches to this study.

My environmental and conservation sciences background in combination with my social sciences background lead me to explore the links between ecological integrity and social wellbeing. This project enabled me to add economic viability to the mix. In the last couple of years, I've been exposed to the writings of David Korten and Paul Hawkins and others that advocate for alternatives to mainstream neoliberal economics. When I first became involved in this project I was more of a proponent of local than I am now. I still believe that local provides the potential for many benefits that non-local does not, but I also feel that given the competitive global market, we as a society need to find a way of having diverse types of ownership structures within our community economies rather than solely local or solely non-local forms.

Since I started my work on this project, I have been involved in a couple of research projects to identify indicators of community sustainability. Of the three types of approaches (expert driven, community driven and mixed) my own preference is for the mixed approach. One change that I would have entertained within this study (particularly in relation to the second paper) is to incorporate a larger population in the Revelstoke and Meadow Lake cases to identify community sustainability indicators that at least partially reflect their respective goals and visions for their community. As a proxy, I focused instead on the mission statement for the City of Revelstoke and for the Meadow Lake Tribal Council.

My Master's research, in which I investigated environmental awareness, attitude and action among women in a Northern Thai village sensitised me to non-formal learning. This sensitisation increased my awareness of the role of learning in facilitating the buyouts and subsequent local ownership during the Revelstoke and Meadow Lake interviews. On closer examination of the other four cases, the importance of learning lead to a closer analysis of learning in all six cases.

Appendix B : Case Descriptions

Case Description: Temiscaming

Temiscaming is located 620 km northwest of Montreal, on the bank of Ottawa River, which delimits the border between Quebec and Ontario. The community was created in the late 1910's by the Riordon Company to host the workers of a new pulp mill it was building, the Kipawa mill. It is worth noting that at that time the Riordon owned all the houses, land and infrastructure of the young community. To supply this new mill, the Ontarian Company had acquired rights of over 0.6 million hectares of timber limits on Quebec's public lands and although these limits were somewhat remote from the mill, the wood could be floated on the river from one location to the other (Lienert 1966).

In 1925, Canadian International Paper (CIP), a Canadian subsidiary of International Paper (IP), bought the vast holding of the Riordon Company, which included Temiscaming, the Kipawa mill, and the timber limits. The change of ownership had no major consequences on either the mill or community activities, although the woodland division responsible for forestry activities was moved from Montréal to Noranda, a town 200 km north of Temiscaming. Then on the last day of January 1972, without any previous warning, International Paper announces the definitive closure of Kipawa mill for the end of May. The need for major investment to upgrade the mill and make it more competitive with other mills owned by International Paper in North America, as well as the need to comply with new environmental regulations, comprised the key motivations for that decision (Duckworth 1975, Laporte 1977)

For the community, the announcement of the closure sounded almost like a death sentence, as CIP provided employment to more than half of the active labor force, still owned major infrastructures like the hospital, and financed a substantial portion of other community services via municipal and school taxes. The first reflex of the community was to ask the provincial government to force CIP to postpone the closure to the end of the year. The government rejected this option because it would only delay the final closure date. However, it allocated funds to form a committee to examine alternatives. Workers unions' representatives, elected representatives, and other citizens ranging from business owners to mill managers, comprised this emergency committee. This group reached the conclusion that only a change of ownership could save the mill; however, they soon discovered that no companies were interested in buying an outdated mill with an aged workforce.

In parallel with the work of the emergency committee, a group of four current and ex-managers of CIP and IP started contemplating the idea of launching a new forest company built around the Kipawa mill. These persons had expertise in mill management and marketing of forest products, and the group, known as "the founders", became the spokesmen for the project they concocted with members of the local emergency committee. The project was to launch a new forest company, Tembec Forest Products Inc.(hereafter referred to as Tembec), by which workers and managers would co-own and co-manage the Kipawa mill. The provincial government allocated the funds for a feasibility study of that rather innovative proposal in a conservative industry such as the forest industry.

A lot of energy was invested not only to develop the project proposal but also to raise public awareness regarding the struggles faced by residents of Temiscaming. The fall of 1972 was marked by a number of public protests with workers and community members hitting the streets of Montreal, Quebec, and Ottawa to ask the governments to expropriate CIP if it refused to sell the mill or to release some of its timber limits on public lands.[36] Aside from putting together public protests, the workers also demonstrated their confidence in the Tembec project by agreeing to merge the three unions that existed under CIP into a single one, and also settled on a working agreement that would cover the first three years of Tembec's operation. In that agreement, they accepted a cut on their salary, as well as in other benefits (such as no overtime pay or paid statuary holidays) that represented an indirect investment of 3 millions over three years (Laporte 1977). The workers also converted their redundancy payment[37] from CIP into Tembec's shares and obligations. In counterpart, the workers got a right to 10% of the company's profits, and participation on the Board of Directors. These workers' commitments sent a clear signal to both level of government about the confidence they had in Tembec's project.

In the meantime, the founders were active in gaining supports to bring the project to life. They found a key ally in the provincial government, which got involved in two different ways. First, the government, who distributes rights over the public forests, negotiated the revocation of some of CIP's privileges over timber allocation in order to free supply for the new company. However, the government, who was initiating an important revision of the timber tenure system, did not turn over the timber limits to Tembec. Instead, it offered to provide the company with a specific volume of timber that was adjusted to take into account that Tembec would also have to use woodchips from local sawmills as a source of fiber supply. This idea of forcing a paper mill to use woodchips was congruent with the strategy adopted by the government to maximize the use of timber extracted from public lands. Second, the provincial government, via one of its agencies, Rexfor[38], played an instrumental role in financing Tembec, as well as in the negotiation with CIP who had refused to enter into discussion with anyone from the Tembec project. Rexfor bought the mill from CIP and then immediately sold it to Tembec.

After fourteen months of struggles, Tembec was finally born in August of 1973, with a company motto of "A company of people building their own future" (Tembec 2004). As planned in the project, specific blocks of shares were sold to local residents, workers, founders, as well as to financial institutions. The initial share distribution was as follows: 8% to local residents, 10% to Rexfor with 2 seats on the Board of Directors, 31 % to the workers association (Atkwa) and 2 seats on the Board of Directors, 39% to founders and 4 seats on the Board of Directors, and 13% to the bank. There are at least three things that worth noticing about the initial share distribution. First, the workers created an association (Atkwa) to manage their share collectively and ensure that the shares remained under employee ownership. Second, the shares held by the bank and by Rexfor were covered by clauses specifying how they could be bought back by workers and/or managers as Tembec reimbursed their loan to these institutions. Finally, although it had contributed a large sum of money to the project and was guaranteeing the bank loan, the Federal government did not figure among Tembec's shareholders.

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[36] For more details see: Martin Duckworth *Temiscaming, Québec*. National Film Board of Canada, 1975, video tape 64 m. 10s

[37] Redundancy payments are compensation when one's job disappears.

[38] REXFOR is the *Société de récupération, d'exploitation et de développement forestier du Québec* (REXFOR), which is a governmental agency that acts as a partner in wood transformation and forest management activities.

As Tembec took off in 1973, so did the market for their products, giving the young company a strong start. After a couple of years of financial successes, Tembec was a growing company seeking major investments to diversify its activities, and strengthen its position on the forest product market. Tembec was able to finance growth by offering shares on the market. In 1983 Tembec Inc. went public and in 2000 they were listed on the Toronto Stock Exchange.

Tembec, though now a publicly traded company, has very progressive social and environmental policies, which are attributed in part to their community based origins and in part to progressive leadership. To help communities improve their individual and collective quality of life, Tembec donates at least 1% of its pre-tax profits to programs run by non-profit organizations. Tembec also encourages employees to volunteer their time and effort to enhance quality of life in their communities; up to five days of paid leave may be taken by employees to participate in volunteer activities. In 2004, Tembec received recognition as a Corporate Sustainable Standard-Setter by the Rainforest Alliance, for making significant contributions to environmental conservation and sustainability. At the same time, the first ever Rainforest Alliance Lifetime Achievement Award was presented to Tembec President and CEO, Frank A. Dottori for his leadership in setting the standard for sustainable forest management (Rainforest Alliance 2004).

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Credit:
This case description was compiled by Solange Nadeau and updated by Jeji Varghese

Case Description: Sacré-Coeur

Sacré-Cœur is a small municipality located some 240 km east of Quebec City, close to the Saguenay fjord. Settlers who were looking for agricultural lands moved in the area in the late 1890's, and in 1904 the parish of Sacré-Coeur was officially recognized. Despite the agricultural potential of the region, it was difficult to make a decent living solely from farming, and forest harvesting became a popular winter occupation for the farmers and their sons, one that complemented farm income. Therefore the community relied on a mix of agricultural and forestry activities to assure its development.

The economic crisis of the 1930's had a tremendous impact on both of these activities, and marked the beginning of a long period of economic struggle for the community, but also one that witnessed the emergence of a local cooperative spirit. The Farmer's cooperative and the Credit Union, both of which are still active today, appeared during the turmoil of the early 1930's. Later on the local loggers also put together a cooperative, but numerous problems in management of the cooperative, as well as in selling harvested timber limited the development of the cooperative and lead to its dismantlement in the early 1960's. Nevertheless, that experience had shown how difficult it was to keep loggers at work without a secure market for their products. Thus by the end of 1960's, in parallel with the development of another logger cooperative, a group of Sacré-Coeur residents designed a project to attract a cardboard facility to the community. Although this project never went further than the design phase, it raised community awareness and set the stage for the development of a second project.

In 1971, the logger cooperative, the local Credit Union, members of the local Chambers of commerce helped one of the key leaders in the cardboard project to develop a proposal for a sawmill. The provincial government was favorable to the project, which involved community ownership of the mill. However, the government participation in the funding, and timber allocation from public land were conditional on the recruitment of an additional partner with expertise in sawmill and financial capacity. This partner was recruited and held the bulk of the share of the new sawmill (51%), while residents of Sacré-Coeur and the provincial government via one of its agency held the other shares. Samoco was created in 1973 and the sawmill was erected and started its operation in March of 1975. Unfortunately, a couple of months later the new company faced important financial problems. Rexfor decided to save it from bankruptcy by taking control of the company. However, contrary to all the forecast and despite the millions of dollars Rexfor re-invested in Samoco, Sacré-Coeur's mill remained a financial drain. In 1979 after advertising the sale of the mill, the government accepted an offer from a group of Ontarian sawmill industrialists. The new company, Produits Forestier Saguenay, was just taking off after modernizing the mill when an economic downturn hit North America. The outburst of interest rates and the decline of housing construction were fatal to the new company, which declared bankruptcy in 1983 and put a lock on Sacré-Coeur's sawmill.

Once again the community faced a downturn in its forest activities, but a coterie of community members did not give up. A group of people, many of whom had been involved in Samoco, proposed at a community meeting to start a not-for-profit organization that would focus on economic development: first in forest harvesting and management, then in other sectors of activities. A group of residents rallied around that idea and put together the funding needed to launch the organization. This locally managed non-profit organization turned out to be a success in terms of job creation, of generating funds for community development, and building trust between workers and community members who were partners in the organizations.

In 1984 the apprehensions of the community regarding the future of the sawmill reached a new peak as everyone realize that the mill buy-out announced earlier by a large forest corporation would not materialize. The bank, which is the major creditor, is also quite eager to see some development and, although it is not comfortable with the idea of dismantling the mill, it is ready to move on. The growing rumours about the dismantlement of the mill gave a new dimension to the sawmill problem, as the issue shifted from waiting for a new owner to show up, to safeguarding the infrastructure itself. It then become obvious to everyone that this is a community issue and that they need to find their own way to resolve it. At that time, the group that had started the not-for-profit organization for community development put forward a proposal suggesting a community mill buy-out. Since the promoters were aware of different tensions existing within the community, their proposal suggested a buy-out where both ownership and decision-making power would be equally shared among three partners: the mill workers, the forest workers and the local residents. The challenge of funding such a buy-out also played a role in orienting the design of the proposal. After two years of minimal economic activities in the community, the residents could not rely on their savings to finance the buy-out, and after three bankruptcies in less then ten years, no bank was likely to invest in that venture. Thus other avenues had to be explored to solve the "funding problem".

The cooperative model appears as an interesting avenue to explore because it would allow for a balance of power between the partners, and the provincial government had programs to financially support emerging cooperatives. Thus it was suggested that the forest workers founded a cooperative (Cofor), requiring that mill workers dismantle their union to create a cooperative (Unisaco) and local residents create a local business investment company (Spectra) to provide tax credit benefits for their investment. These three organizations would then be united in a partnership to create Boisaco, the company that would buy the sawmill. Once the proposal was put together, each individual who wanted to be part of either one of the cooperatives, or of Spectra, still needed to find the money to buy his or her shares. To facilitate participation in the buy-out, the local credit union, with the support of its provincial federation, offered advantageous conditions to residents who wanted to buy shares in the Coops or in Spectra. While the Coops shares were relatively easy to sell to workers because by buying these shares they were securing a salary for themselves, selling Spectra's shares was a different challenge. For Spectra shares, local investors would see returns on their investment only when the company became profitable. Thus the volunteers involved in the door-to-door campaign to sell Spectra's shares invested numerous hours to convince locals to invest their savings in the new venture. Their task was complicated by the limitations imposed on the number of shares that an individual or a family unit could hold, and these restrictions, which are still enforced, prevent someone from buying enough shares to take the control of Spectra.

Finally in 1985, Boisaco was created as Cofor, Unisaco, and Spectra each contributed $300 000 to the new company, giving them a third of the shares and equal number of seats on the Board of Directors. An interesting organizational aspect of Boisaco is that the company owned the mill infrastructure but contracted most of the management activities in the mill to Unisaco and in the forest to Cofor. Thus a large part of the daily management decisions are made by the workers' cooperatives. However, the three partners in Boisaco have veto power over the major decisions the company makes in terms of employment and wage policy, operational budget, contracts with shareholders, as well as selling out or issuing of shares. This forces the partners to look for consensus and prevents any two partners from joining together and imposing their vision onto the third partner.

Since its creation, Boisaco has been a profitable company and only shown losses for one year, even though it faced struggles in securing a timber supply for its mill. The struggle came in part from the fact that while the mill initially operated on a seasonal basis the company now has enough demand to operate on a full time basis and provide work to two shifts of workers. The difficulties in securing timber volume also came from the epidemic of spruce budworm that devastated the local forests in the 1980's and lead to an increased demand for timber on public lands. Despite this timber supply problem, over the years, an important amount of profits have been returned to shareholders of the workers coops and Spectra.

As each of these organizations is independent, they each decide how to use their share of profits. For example, the financial statement of Spectra for 2001 reminds the shareholders that their investment of $300 has generated, to that point, $1440 of dividends, plus important tax benefits, and that their share is now worth around $3900. It also worth noticing that Spectra has a policy of reinvesting a significant part of the profit they earn from Boisaco into other socio-economic development activities, thus over the years aside from paying dividends to its shareholders, Spectra has developed other partnerships and has not limited its portfolio to shares of Boisaco. This idea of reinvesting part of the profit into development is also present in the management of Boisaco, who aside from re-investing in the mill also invested, in 2001, $5 million in a mill that would use by-products of the sawmill to produce high density pre-molded interior door panels.

Credit:
This case description was compiled by Solange Nadeau.

Case Description: Meadow Lake

The town of Meadow Lake is located in central western Saskatchewan, some 300 km north of Saskatoon, SK. Meadow Lake began as a fur trading post, before becoming a town in February 1936. Agriculture was the main economic sector in the region. Sawmills were often operated by farmers as an additional source of income. When the Meadow Lake Sawmill was built in 1971 by Parsons and Whittemore, the local forestry sector became an important part of the economic equation. The mill eventually became an offshoot of the Prince Albert Pulp Mill (Papco). Papco sold their Prince Albert Mill to Weyerhaeuser Canada in 1986, but the Meadow Lake Sawmill was left under provincial control. Poor design often resulted in reduced production and long seasonal layoffs. The mill was closed by the province for most of 1981.

As part of a government privatisation scheme in 1988, the province initiated a search for a potential buyer of the Meadow Lake Mill. The mill manager felt that there was strong potential for the mill to be a viable business venture and raised the possibility of an employee/manager buy-out. The province agreed to consider the proposal and suggested joining forces with the Meadow Lake Tribal Council since they represented some of the interests on the associated forest tenure land area.

After approximately 18 months of negotiations, the Meadow Lake Sawmill was sold to TechFor (a mill employee/manager buy-out group) and the Meadow Lake Tribal Council (representing 9 local First Nations) with 20% of the shares retained by the government until an aspen hardwood user could be found. In 1990, these shares were transferred from the government to Millar Western Pulp; an Alberta based company that promised to build a pulpmill in the area (built in 1992). Though initiated through a provincial policy encouraging privatisation, the Meadow Lake Sawmill mill manager lead negotiations. The company created by this partnership (of TechFor, MLTC and Millar Western) was the NorSask Forest Products Inc (NorSask). NorSask was given rights to a 3.3 million hectare area under a Forest Management License Agreement (FMLA[39]). NorSask was allowed to harvest 5 000 hectares each year, of which 30% was the softwood needed by the mill (primarily white spruce, jack pine, and balsam fir). In 1991, NorSask and Millar Western jointly created Mistik Management Ltd, as a not-for-profit company, to oversee the FMLA. The FMLA includes a population of approximately 25, 000 northerners including ancestors of Cree, Dene, Métis and Europeans (Mistik Management Ltd. n.d.).

Chief negotiators included management, aboriginal community leaders, industry, and external consultants. In the end, the interests of the government were represented (i.e., hardwood user was found, privatisation policy fulfilled), while workers/managers, partnering company and communities held shares and representation on the Board of Directors. Workers gave up wage increases for about 5-6 years, but this was more than compensated for after this period. The workers found they contributed extra unpaid labour to stay afloat in the first few years, and this was done without complaint. After the buy-out, the same mill manager who facilitated the buy-out managed the mill. The market was good after this buy-out and hence the much needed mill improvements were the focus of profits for the first five years.

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[39] "A contractual agreement between the Provincial Government and a lumber or pulp company to provide a wood supply to the processing plants of that company. It ensures that the forest on such lands are harvested and reforested to produce successive crops of timber on a sustainable-yield basis" (Saskatchewan Interactive Website 2002).

In terms of the role of the provincial government, the government was the initial owner in 1988. They retained 20% of assets until a hardwood user could be found. These assets were transferred to the hardwood user (Millar Western). They provided the political space to enable that outside hardwood user to come in. The government provided letters of support to facilitate financing initiatives. They provided people to help negotiate changes required to transfer the FMLA, and subsequently provided the licence to manage tenure. The government also absorbed the debt carried by the mill, so that the new owners could start with a clean balance sheet.

The initial distribution of shares in NorSask were as follows: 40% MLTC (split equally between nine local Aboriginal bands), 40% Tech For (~56% management, ~44% union), 20% Millar Western Pulp. For workers, the shares were originally purchased at a value of ten dollars (all voting shares). For communities, each local Aboriginal band had the same amount of shares (4%); they did not need to put money down. Their interests were secured by the MLTC through a bank loan. Provisions within the partnership (through a unanimous shareholder agreement) stated that the partners could only sell their shares to the other major partner (NorSask or MLTC). Ten years later, on April 24, 1998, the employees and Millar Western sold their shares to the Meadow Lake Tribal Council. Individual shares originally purchased with a value of ten dollars were sold for about 700 dollars each. The chief negotiators for this second buy-out included industry, the community and external consultants. It took three years for this second buy-out to be negotiated (1995-1998). There were no government subsidies or grants to facilitate this second buy-out, either. This venture has been financially successful thus far, however future success will depend in part on the success of Mistik Management to manage the FMLA. When the Meadow Lake Tribal Council became sole owners of NorSask Forest Products Inc. they became the largest First-Nations forest products company in Canada.

In August 2004, Mistik Management Ltd. achieved ISO 14001 Environmental Management system (EMS) certification, as one means of indicating a commitment to improving environmental performance.

Sources:
NorSask Annual Reports, Interviews and MLTC website (http://www.mltc.net) and Town of Meadow Lake website (http://www.quantumlynx.com/townml) and Innovative Work Practices: Case Studies: Employee ownership available at http://labour.hrdc-drhc.gc.ca/pdf/pdf_e/norsa-eng.pdf

Credit:
This case description was compiled by Jeji Varghese

Case Description: Kapuskasing

Kapuskasing is an extremely isolated timber community located some 850 kilometers north of Toronto, on a main highway that slices through the northern Ontario boreal forest. Kapuskasing is a regional service center for a number of smaller communities that exist to the east and west. Slightly smaller regional service centers exist roughly 75 kilometers in either direction. Some mill workers commute from the nearby communities, but most live in Kapuskasing proper.

Kimberly Clark of Canada Ltd. and The New York Times built the mill in Kapuskasing in the late 1920s. The town was a planned community constructed explicitly to support the mill population. In its early years it received a considerable amount of press as a model resource town (Robson 1996), where a majority of community members had higher than average incomes and where there were many amenities not found in other small towns. The bulk of the Kapuskasing mill's wood comes from the 1.4 million-hectare Gordon Cosens Forest, provincial Crown land under long-term lease to the company. In the late 1980s, Kimberly Clark decided that it wished to focus on its core products, value-added goods such as diapers, paper towels, and toilet tissue. The company's desire to divest itself of the Kapuskasing mill was part of an overall strategy to exit the pulp and newsprint business.

For two years corporate managers searched for an interested buyer, but without success. Then in 1990, during contract negotiations with the local timber workers' union, union members suggested the idea of a local buy-out. After nearly a year of negotiations, local residents purchased the mill and associated private woodlands from Kimberly Clark, and assumed the contract with the provincial government for Crown timber.

The final agreement involved a consortium of local interests. The provincial government became involved by helping to facilitate bank loans and deal with public utility issues. An outside minority investor (Tembec Inc.) also was recruited at the behest of the provincial government and to satisfy creditors. The initial distribution of shares, valued at $1 per share at that time, was 52 percent to employees (both workers and managers), 41 percent to Tembec Inc., and 7 percent to community investors. The community shares were nonvoting[40] shares; to qualify for purchase, one had to live between the communities of Hearst and Smooth Rock Falls[41].

After the transfer of ownership, Tembec Inc. signed a management contract with the owner of Kapuskasing's mill, Spruce Falls Inc., to manage the Kapuskasing mill and the associated Crown land lease. According to newspaper reports at the time, Tembec had a very positive relationship with local buyers of the mill: the company had started in a local buy-out of a mill in Temascaming, Quebec in 1973, was Canadian-owned, focused on forest product mills, and had been financially successful for over 20 years ("Profits Triple" 2000). As indicated in the interviews, Tembec's leader was known for his approachable style, his willingness to listen to employees at all levels, and his strong record in business leadership.

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[40] Kang and Sorensen (1999) argue that the right to vote, on a "one share, one vote" basis, is an important legal rule of modern corporate governance, because the shareholders' property rights are created and defined by federal securities regulations and case law. Thus community members could not vote on certain major corporate changes such as liquidations and mergers with other companies; as a result, the actual rights associated with these shares were limited considerably.

[41] The distance between Hearst and Smooth Rock Falls is 156 kilometers; Kapuskasing lies between. The great majority of employees at the Kapuskasing mill live in Kapuskasing.

Between 1991 and 1996 the mill rationalized production processes, and some jobs were lost. Additional jobs were created through reinvestment and new construction. Tembec began to slowly acquire shares, and by 1997 had amassed 51 percent of the voting shares. The corporate charter stated that if Tembec received commitment from two-thirds of the remaining shareholders to sell their shares, all remaining shareholders would be required by law to sell to Tembec. The company's offer to buy the remainder of existing shares was fairly generous: $10 per share (or $7 cash and $3 worth of Tembec Class A shares) for shares that originally were purchased or gifted for $1 in 1991. In the end, more than 90 percent of the workers voted to sell their shares; in March 1997, Tembec became the sole owner of the Kapuskasing mill, formerly owned by Spruce Falls Inc.

References:

Kang, D. and A.B. Sorensen. 1999. "Ownership Organization and Firm Performance." Annual Review of Sociology 25:121–44.

"Profits Triple at Pulp Firms." 2000. Edmonton Journal, January 28, p. F5.

Robson, R. 1996. "Government Policy Impact on the Evolution of Forest-Dependent Communities in Canada Since 1880." Unasylva 47:53–59.

Credit:

This case description was compiled by Tom Beckley and Naomi Krogman and is also found in Beckley, T and N. Krogman (2002) Social Consequences of Employee/Management Buyouts: Two Canadian Examples from the Forest Sector. Rural Sociology 67 (2)183-207.

Case Description: Revelstoke

Revelstoke is a fairly isolated community located between the Selkirk Mountains along the Trans Canada Highway about half way between Vancouver, BC (which is 565 km away), and Calgary, AB (which is 410 km away). Historically, Revelstoke's economy history has been linked to the natural resources of the area through the mining, transportation and timber industries. The tourism industry, a recent entrance to the local economy, continues that link to natural resources.

Revelstoke was a community caught in the boom and bust cycle of typical resource industries. Mining and the railway were accompanied by three hydroelectric dam mega projects in the mid-60's. Over the course of 40 years, the community watched as timber resources cut just North of Revelstoke was shipped outside the area. In the early 1980's, a non-local owner (Federated Co-operatives of Saskatchewan) bought out their largest local sawmill (Downie Street). In 1986, the absentee owner shut down the mill. The economic cyclical nature of the town and the flight of jobs left the community feeling they had little control over their collective destiny.

Between 1987 and 1990, the City of Revelstoke and community groups worked together to change this. The initial owner of Tree Farm License (TFL)[42] 23 (Westar Group) were selling their BC forestry operations to focus on other business ventures. TFL 23 was split into two. The southern portion was sold to Pope and Talbot; the northern portion (as a result of opposition by local communities) was retained by the Westar Group and renamed TFL 55. In Oct 1992 Westar Timber began negotiations with Evans Forest Products Ltd. for TFL 55, located on the Columbia Mountains about one hour's drive north from Revelstoke. Largely as a result of opposition from Revelstoke, the government refused the proposed Westar-Evans transfer in mid-December, stating that the transfer did not meet the social and economic needs of the communities of Revelstoke, Golden and Sicamous. This was the first time that the government had in place an avenue for the community to oppose the government's allocation of a TFL based on the "public good of it."

The Forest Minister supported the community's request that Revelstoke be considered for leasing TFL 55 as a community TFL, provided the proposal was also acceptable to Evans, Westar and had sufficient community support. On February 1, 1993, the terms of acquisition were reached between Westar Timber, Evans Forests Products Ltd., the City and the provincial government. On February 20, 1993, over 60 per cent of eligible voters in Revelstoke turned out for a referendum to secure citizen approval of the investment. The referendum passed with 78 per cent voting in favour. City council would require a majority vote and community support to vote to sell RCFC.

The city hired a consultant who drafted a proposal that would see half of TFL 55 going to Evans and half to the city. Each party secured cutting rights of approximately 98,500 cubic metres per year. The City's portion (119,748 ha was renamed TFL 56[43]) was purchased and managed by a newly created independent corporation, Revelstoke Community Forest Corporation (RCFC). A Registered Professional Forester (RPF) was hired to manage RCFC. Diverse community representation (and no industry representation) on the Board of Directors made community interests a top priority. The Board of Directors established an advisory committee, which included the three industry partners (Downie Timber Ltd., Joe Kozek Sawmills Ltd., and Cascade Cedar Products Ltd.).

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[42] A tree farm license (TFL) gives exclusive right to harvest timber and manage forests on a specified area of Crown land (Cortex 2001).

[43] This particular TFL located in the Columbia Mountains in Central British Columbia has a net operable land base of 21,000 hectares (Denman Community Forest Cooperative 2001).

As part of the agreement, RCFC was required to sell 50% of the timber harvested to its three industry partners, with the remaining 50% sold at an open auction. In recognition of the cyclical nature of the industry, portions of the profits are allocated to a reserve fund to help RCFC through slumps; portions were allocated for reinvestment in RCFC; and the remaining profits went back to the city.

The purchase price of $3.5M was financed by the city contributing $1 million, the local industry partners contributing $1 million and the Royal Bank provided $2 million in loans to purchase the TFL and set-up RCFC. Part of revenue from sale in the open market was to pay off the bank loan. A non-local investor was not necessary to facilitate the buy-out. One of the stated purposes of a having a community forest was having local control over local resources.

The provincial government provided no financial assistance, but they were instrumental in facilitating the buy-out. The government roles refused the licence to the former tenure holders, created political space for a community forest to be developed and appointed two individuals to work with the community and companies to come up with a mutually acceptable agreement.

RCFC was incorporated in 1993, with the City of Revelstoke as the sole shareholder with one common share. Revelstoke became the second city in British Columbia (the first being Mission) to have a community Tree Farm License. RCFC was financially successful in its first year, partially attributed to the strong market right after the buy-out. RCFC made over $1 million profit after first 2 years, with a steady increase every year since.

In 1999, as a result of changes in the Corporate Income Tax Act which saw RCFC's tax free status as a municipally owned company eliminated, RCFC's Board of Director's agreed to restructure the company in a manner that better reflected the way the company operated and, limit the company's liabilities. This change resulted in setting up a separate company, RCFC Holding Company Ltd. to act as a management company overseeing the operation of TFL 56. RCFC continues to carry out the primary forest management, logging, silviculture, and other activities on the land base (RCFC 2003) through the use of mainly local contractors. In June 2003, RCFC achieved ISO 14001 Environmental Management system (EMS) certification, as a stepping stone to pursue sustainable forest management certification. EMS certification is not forestry specific but requires companies to have processes in place to meet or exceed all environmental regulations and to improve environmental performance.

Revelstoke has taken a proactive approach to community planning with extensive public input and support, following a community economic development model. The following timeline provides a list of plans and strategies that have been developed.

- 1985 - Community Economic Development Strategy (updated in 1995)
  - provided direction for 10 years
  - RCFC was formed to increase local control over local resources, following from this strategy
- 2001 - Community Development Strategic Action Plan (includes Community Social Development Strategy)
- 2003 - Community Environmental Strategy
- 1994 - Community Vision Statement
- 1997 - Tourism Development Strategy (revised in 2003)

References:

Source of Information: RCFC Annual Reports, Interviews, RCFC website (http://www.rcfc.bc.ca under historical information link) and Revelstoke's website (http://www.cityofrevelstoke.com).

Credit:
This case description was compiled by Jeji Varghese

Case Description: Pine Falls

Pine Falls, Manitoba is located in the southeastern portion of the province, about 120 km northeast of Winnipeg. The development of company towns often fosters the growth of adjacent "sister" communities just outside the town border. Powerview is such a town; the development of Pine Falls and the growth of Powerview are linked inseparably. Together these two communities constitute the mill "village." The surrounding rural census subdivision (Alexander) also houses a significant proportion of the mill's labor force. (For further discussion of social interaction between these communities, see Beckley and Sprenger 1995.)

The Pine Falls mill dates back to the 1920s; like Kapuskasing, the town of Pine Falls was built by a private company, explicitly to house mill workers. The community has been operated as a company town for the past seventy years. The mill manufactures newsprint, much of which is shipped to the United States. It obtains its wood from both private and public land, but most of its fiber comes from a long-term lease of Crown land. The forest management license (FML) covers nearly 500,000 hectares of productive forest land that extends north from the town of Pine Falls.

In 1989 Abitibi-Price, the company that owned the mill, began to seek potential buyers. The company, based in Toronto, had decided to focus its Canadian operations more locally (in central Canada) while simultaneously making new international investments. Abitibi looked for buyers, with varying degrees of intensity for over two years. In 1991, with no outside buyers forthcoming, the company entered negotiations with local management for a management buy-out of the mill.

Three more years were needed to hammer out a final deal, which included the forest management license. During that time the community suffered considerable stress. The local mill manager was the chief negotiator with Abitibi-Price. In the end, he was credited almost universally with successfully negotiating an agreement and, by extension, saving the community. A minority of unionized workers do not share this view. They agree that a local buy-out was the only salvation for the community, but they wished to see the new ownership of the company structured in a different way (with a majority of ownership held by the unionized employees rather than management).

In September 1994, the Pine Falls Paper Company came into existence. Abitibi-Price, the banks, and the provincial government required that a minority, nonlocal investor be recruited. Employees and managers reported that they would have preferred to wholly own the company, but the bank would not provide the loan without this sizable investment by an outside investor. That individual, a retired paper company executive from Montreal, put up several million dollars of his own money and received 24 percent of the shares of the new corporation. Managers at the mill received 28 percent of the shares. Other workers held 30 percent of the shares directly; an additional 15 percent were held in an employee trust that covered both salaried and unionized mill employees. The remaining shares were held by local Aboriginal interests and by the financial services corporation that helped broker the deal. No share offerings were made to community residents in Pine Falls or surrounding communities, although some members of the local business community were interested in investing in the mill.

In the very month of the transfer, newsprint prices skyrocketed. Within a year, construction began on a de-inking plant for recycled material and a wastewater treatment plant. Workers had taken a wage cut and freeze, but after the first full year of operations, profit-sharing provisions in the deal more than made up for lost salaries.

In 1998, after a year of negotiation and speculation, a majority of shareholders voted to sell the mill to an outside, corporate buyer. Ironically, it was Tembec, the same firm that purchased the Kapuskasing mill, which made the offer to Pine Falls. In February 1998, after 90 percent of the shareholders approved the sale, the deal was made. Once again, the shareholders in the local company made a handsome profit. Shares that originally were purchased or given (as part of the wage rollbacks) with a value of $5 eventually sold for roughly $84.

References:

Beckley, T.M. and A. Sprenger. 1995. "Social, Political, and Cultural Dimensions of Forest-Dependence: The Communities of the Lower Winnipeg Basin." Pp. 22-61 in The Economic, Social, Political, and Cultural Dimensions of Forest-Dependence in Eastern Manitoba, edited by R. Rounds. Brandon: Rural Development Institute.

Credit:
This case description was compiled by Tom Beckley and Naomi Krogman and is also found in Beckley, T and N. Krogman (2002) Social Consequences of Employee/Management Buyouts: Two Canadian Examples from the Forest Sector. Rural Sociology 67 (2)183-207.

Appendix C : Interview Guide Themes

NUD*IST
Q.#

A: Questions for corporate managers, local managers, community leaders, and mill workers:

***Q.1** Where idea for a local buy-out of the mill came from.
***Q.1A** Idea for second buy-out. (where applicable)
***Q.2** Risk if "no deal"
***Q.3** How price was arrived at
***Q.4** Involvement in negotiations
***Q.5** Buy-out Model
***Q.6** Motivations of the various groups involved. What groups hoped to get out of this deal?
***Q.7** Provincial government involvement
***Q.8** Transfer of the Forest Management Agreement to the new owners
***Q.9** Role did the various groups have, if any, in setting the terms of the final agreement
***Q.10** Groups opposed to the idea of a buy-out altogether
***Q.11** Turn over time
***Q.12** How shares in the new corporation were distributed
***Q.13** Concessions made by the following parties to facilitate the buy-out
  - by labour (wage/benefit rollbacks?)
  - by local managers (salary/benefit rollbacks?)
  - by the community (tax concessions?)

B: Questions for all locals: (managers, labour, community)

***Q.14** Atmosphere as the buy-out was being negotiated (Probe) Were people panicked that the mill would shut down altogether?
***Q.15A** Atmosphere after the buy-out was successfully completed (Probe) Euphoria? Guarded optimism?
***Q.15B** What about prior to and after the 1997 sale to Tembec? What was the atmosphere in the community? (Kapuskasing Case)
***Q.15C** Why local ownership was important. (Meadow Lake Case)
***Q.16** Tradition of community cohesion and activism toward community goals prior to the buy-out
***Q.17** Change in the community after the buy-out. (Probes) consumer confidence, new jobs, fewer jobs so some people left, community pride.
***Q.18** Profitability of company. Re-investment of profits into the community.
***Q.19** Company's responsiveness to community needs and interests
***Q.19A** Benefits to the local community of local ownership. Examples. (Meadow Lake Case)

C: For mill managers and labour:
__*Q.20__ Re-investments made in the mill after the buy-out.
__*Q.21__ Capital inputs most needed now
__*Q.22__ Change in management philosophy or management practices
__*Q.23__ Change in mill operations after the buy-out
__*Q.24__ Change in forest management after the buy-out.
__*Q24A__ Co-management boards' role in enhancing social benefits to the communities? (Meadow Lake Case)
__*Q.25__ Share for the new corporation after the buy-out
__*Q.25A__ In general terms, who was buying and who was selling?
__*Q.26__ How working for local company is different than working for large corporation

D: For local mill managers:
__*Q.27__ Change in responsibility now for actions. (E.g., policies originate here rather than at some distant corporate headquarters)
__*Q.28__ Local conflict
__*Q.29__ Change in nature of your job under new ownership

E: For corporate managers:
__*Q.30__ In hindsight, do you still feel selling the facility in __________ was the right thing to do?
__*Q.31__ Viability of company
__*Q.32__ Long-term viability for smaller companies to compete with corporate industry? (Elaborate on re-purchase of Spruce Falls by Tembec).

F: For all:
__*Q.33__ Challenges expected in the next year
__*Q.34__ Challenges expected in the next decade

G: Additional questions related to specific cases:
__*Q.35__ Cash return to workers in Kapuskasing
__*Q.36__ What workers did with their profits in Kapuskasing
__*Q.37__ Effect of sale on future viability of the community
__*Q.40A__ Highlights of partnership working relationship (Meadow Lake Case)
__*Q.40B__ Challenges resulting from partnership? (Meadow Lake Case)

Appendix E : NUD*IST Background Table Categories

INFO ABOUT RESPONDENTS

3 Represent	Management	local
		central offices
	Union or workers	
	Community	local government
		local industries & businesses
	Government	
	Other	
4 Gender	Male	
	Female	
5 Age (approx.)	(in decades)	
6 Role in buy-out	Architect	
	Negotiator/investor	
	Worker Vested	
	Other Vested	
	Observer	
	No role	
7 Held share when buy-out happened	Yes	
	No	
	Don't know	
	Not applicable	

INFO ABOUT MILL

Location	8 Community	Revelstoke
		Meadow Lake
		Pine Falls
		Kapuskasing
		Tèmiscaming
		Sacré-Coeur
	9 Province	British-Columbia
		Saskatchewan
		Manitoba
		Ontario
		Quebec
Mill object of buy-out	12 type	pulp or paper mill

		sawmill(s) other
	13 Mill Age	(in decade)
15 Mill product	Same as initial Diversified Don't know	
Name of mill owner	16 Before buy-out 17 During the buy-out 18 After buy-out	
BUY-OUT		
19 Type of buy-out	management management/ employees community community/ employee other	
State of the buy-out	21 Duration of buy-out 1	(in years)
	Duration of buy-out 2	(in years)
	22 Maintains Ownership	Yes No

Appendix F : Thematic Coding

NUD*IST Qn#	**200. BUY-OUT**		
1, 1a, 5	1 Initial buy-out idea	1 source	
		2 rely on a model	
4,7, 9	2 role of key players	1 union/workers	1 mill
			2 office
			3 forest workers
		2 managers	1 local
			2 outside
		3 community	
		4 government	
		5 corporate sellers	
		6 other	
6	3 motivations of	1 union/workers	
6		2 managers	
		3 community	
		4 government	
		5 corporate sellers	
		6 other	
13	4 concession made by	1 union/workers	
		2 managers	
		3 community	
		4 government	
		5 corporate sellers	
		6 other	
3, 8, 10	5 problem faced with	1 community	
		2 union/workers	
		3 financing	
		4 timber supply	
		5 previous owner	
		6 government support	
11	6 Turnover time (to develop agreement)		
12, 25, 25A, 35	7 Share Dynamics		

210. COMPANY RESULTING FROM BUY-OUT

30, 31	1 Viability	1 short-term (actual assessment)
32		2 long-term (compare to prior large corp., if stay independent)
30, 33	2 Challenges	1 short-term
34		2 long-term
20	3 Investment in mill	1 regularly since buy-out
21		2 actual needs

220. CHANGE IN MANAGEMENT

22	1 mill	1 change in management philosophy
26, 29		2 change in work relations
23, 29		3 change in mill operations
27, 29	2 Forest	1 forest workers
24		2 forest management

230. EFFECTS ON COMMUNITY

14	1 General atmosphere	1 when buy-out was negotiated	
15		2 after the buy-out	
2	2 Threats if buy-out failure		
16	3 Tradition of community cohesion		
17, 37, 19A	4 Change in the community		
28	5 Buy-out as a source of conflicts		
18, 36	6 Corporate investment	1 profits in the community	
19		2 responsiveness to community need	1 compare previous owner 2 change in time 3 compare other forest companies

Free Nodes:

19	F1 NorSask vs. Others
Text Search	F2 Learning
15C, 30, search	F3 Benefits of Local Ownership
40A	F4 Partnership Highlights
40B	F5 Partnership Challenges

from F2 **400. LEARNING** (created from Free Node)

- 1 Socialisation
- 2 Community Learning
  - 1 Ecosystem Services Knowledge Gains
  - 2 NR Knowledge Gains
  - 3 Sense of Place-Identity
  - 4 Training->Human Capital
  - 5 Social Learning
    - 1 Mechanism
    - 2 Outcomes
  - 6 Business Learning-> Built Capital
  - 7 learning balance
  - 8 slow process
  - 9 commitment
  - 10 adapting to change
    - 1 corporate culture
    - 2 different expectations
    - 3 adaptive management
    - 4 ongoing learning
    - 5 experiential learning
  - 11 lack of transfer
  - 12 transfer learning
  - 13 motivation
    - 1 crisis
    - 2 community vision-goal
  - 14 identity
  - 15 long term consequences
- 3 Succession-Continuity
- 4 Limits to learning
- 5 lack of learning
- 10 Scale
  - 1 community level
  - 2 firm level
- 11 Time Frame
  - 1 prior to buy-out
  - 2 buy-out negotiations
  - 3 during local ownership
  - 4 after local ownership

search **SOCIAL IMPACTS** (only coded for Meadow Lake & Revelstoke)

Social Indicators	Workplace democracy	
	Social learning	
	Social justice	
	Social cohesion	
	Learning	
	Community learning	
Socio-economic Indicators	Viability	
	Stability	
	Reinvestment	
	Investments	
	Industry relations	
	Donations	
	Community economy	
Socio-ecological Indicators	SFM	
Sustainability Indicators-CSR	Visioning	
	Sustainability	
	Max. profits or benefits	
	Responsiveness	
Overall	Local ownership benefits	
	Local control	
	Community identity	
	Challenges	
Features of Success	Government support	
	Viable Size	
	Access to markets	
	Proximity to resource	
	Community leadership	Social capacity
		Community visioning
	Community character	Resilient
	Business capacity	Access to financial Resources
		Credibility
		Time
		Commitment
	Broad level support	Environmental support
		Local industry support
	Community capacity	